

**HEALTH SERVICES AND DEVELOPMENT AGENCY  
OCTOBER 26, 2016  
APPLICATION SUMMARY**

NAME OF PROJECT: Bartlett ASC, LLC

PROJECT NUMBER: CN1605-020

ADDRESS: 0 Kate Bond Boulevard  
Bartlett (Shelby County), TN 38133

LEGAL OWNER: Bartlett, ASC, LLC  
8 Cadillac Drive, Suite 200  
Brentwood (Williamson County), TN 37027

OPERATING ENTITY: USP Tennessee, Inc.  
15305 Dallas Parkway, Suite 1600  
Addison, TX 75001

CONTACT PERSON: Kim H. Looney, Esquire

DATE FILED: May 13, 2016

PROJECT COST: \$9,837,855.48

FINANCING: Combination of Cash Reserves and Commercial Loan

PURPOSE FOR FILING: Establishment of a Multi-Specialty ASTC

DESCRIPTION:

Bartlett ASC, LLC is seeking approval to establish a multi-specialty ambulatory surgical treatment center (ASTC) to be located in leased space at 0 Kate Bond Boulevard, Bartlett (Shelby County), TN 38133. The proposed ASTC will include two operating rooms and one procedure room. The construction will also include an unequipped operating room for future growth. The ASTC will be managed by USP Tennessee, Inc.

## SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

Ambulatory Surgical Treatment Centers (*Revised May 23, 2013*)

*The following apply:*

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.<sup>2</sup> An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

*The applicant is projecting 1,992 operating room (OR) cases or 996 OR cases/room and 1,224 procedure room (PR) cases for the one procedure room during the second year of operation. The applicant projects to meet the operating room utilization standard of 884 cases/OR but does not project to meet the procedure room standard of 1,867/PR by the second year of operation.*

*It appears this criterion will be partially met.*

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

*Based on an average of 90 minutes per operating room case plus 15 minutes for turnover/prep, the operating room projected surgical hours will be 20.7 hours per week /OR or 2,152 hours in Year One, and 33.5 hours per week /OR or 3,488 hours in Year Two.*

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*Based on an average of 45 total minutes per case, plus 15 minutes for turnover/prep, the projected procedure room surgical hours will be 14.5 hours per week or 754 hours in Year One, and 23.5 hours per week or 1,224 hours in Year Two.*

*The OR times are based on orthopedic cases and the PR times are based on pain management cases.*

*It appears this criterion has been met.*

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available<sup>3</sup>) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

*There are 10 multi-specialty ASTCs in the service area containing 42 ORs and 11 PRs. There are 17 single specialty ASTCs in the service area that contain 23 ORs and 32 PRs. There are 14 hospitals in the service area that offer outpatient surgery.*

*It appears this criterion has been met.*

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

***Note to Agency members:***

***For a dedicated outpatient operating room:***

- ***Full Capacity is defined as 1,263 cases per year.***

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- *Optimum Capacity is defined as 70% of full capacity, or 884 cases per year.*

*For a dedicated outpatient procedure room:*

- *Full Capacity is defined as 2,667 cases per year.*
- *Optimum capacity is defined as 70% of full capacity, or 1,867 cases per year.*

*Multi-specialty ORs operated 61.7% of full capacity in 2015 and multi-specialty PRs operated at 45.5% of capacity in 2015. Single specialty ORs operated at 79.2% of full capacity in 2015 while their PRs operated at 57.9% capacity. Overall ASTC ORs operated at 67.9% of full capacity while ASTC PRs operated at 54.7% of full capacity.*

*It appears that this criterion has not been met.*

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

*Since the applicant is seeking to establish a multi-specialty ASTC, this criterion is not applicable.*

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

*The applicant states that the majority of patients reside within 60 minutes of the facility.*

*Note to Agency members: The applicant has stated that its 21 ZIP Code Region primary service area is within Shelby County and the secondary service area is the balance of Shelby County and Fayette County. Review of the applicant's ZIP Code Region by Agency staff indicated that 6 of the ZIP Codes are in Tipton County, a county not declared as part of the service area, and 2 of the ZIP Codes in Fayette County. A map highlighting the location of the 21 ZIP Code region is included at the end of the staff summary.*

*It is unclear as to whether this criterion has been met.*

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available

*The applicant states that due to patient discharge policies it is not advisable for patients to travel by bus and taxi. There is a bus service one block away on Highway 64 and the proposed site is less than two miles off of Interstate 40.*

*It appears this criterion has been met.*

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*The applicant projects that almost 85% of patients will reside in a 21-ZIP Code area within Shelby County. The applicant estimated that 2.5% of patients will reside in Fayette County. The applicant provided a patient origin chart on page 7 of the first supplemental response.*

*Note to Agency members: The applicant has stated that its 21 ZIP Code Region primary service area is within Shelby County and the secondary service area is the balance of Shelby County and Fayette County. Review of the applicant's ZIP Code Region by Agency staff indicated that 6 of the ZIP*

*Codes are in Tipton County, a county not declared as part of the service area, and 2 of the ZIP Codes in Fayette County. A map highlighting the location of the 21 ZIP Code region is included at the end of the staff summary.*

*It is unclear as to whether this criterion has been met.*

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*The applicant projected annual utilization by quarter for each of the first two years of operation. The applicant projects a ramp-up from 171 patients the 1<sup>st</sup> quarter of the first year to 789 patients during the 4<sup>th</sup> quarter of the first year. Approximately 800+ patients are forecasted for each quarter of the second year.*

*It appears this criterion has been met.*

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care (AAAHC), the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

*The applicant will seek accreditation from the Joint Commission.*

*It appears this criterion has been met.*

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

*The applicant expects to initially credential 15 orthopedic surgeons and 2 pain management physicians. The applicant will also credential needed*

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*anesthesiologists, CRNAs, and contract with a radiologist. The applicant also expects to have sufficient staff to include RNs, surgical technologists and office staff.*

*It appears this criterion has been met.*

- 11 Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

*The applicant states that the proposed service area is not a medically underserved area.*

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

*Since the applicant is not a hospital, this standard is not applicable to this proposed project.*

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

*The applicant intends to contract with all TennCare MCOs and will participate in the Medicare program.*

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

*The applicant expects operating room cases to average 90 minutes.*

## **Staff Summary**

*The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.*

### **Application Synopsis**

Bartlett ASC, LLC seeks approval to establish and license a multi-specialty ambulatory surgical treatment center (ASTC). The ASTC will be located at 0 Kate Bond Boulevard in Bartlett, Shelby County. The facility will contain 2 operating rooms and 1 procedure room. The applicant initially expects to provide orthopedic and spinal cases, and pain management cases. This determination is the result of ownership interest in the project from the physicians of Tabor Orthopedics, which currently has 8 orthopedic surgeons and 1 pain management specialist. Tabor Orthopedic anticipates adding a second pain management specialist and 2 orthopedic surgeons to its group over the next two years. The applicant also sees the potential for the addition of other specialties, which is the rationale for the request for a multi-specialty ASTC.

The proposed project is expected to open for service in October 2017.

### **Facility Information**

- The total square footage of the proposed ASTC is 13,500 square feet. A floor plan drawing is included in Attachment B.IV. – Floor Plan.
- The proposed ASTC will contain two operating rooms and one procedure room. The ASTC will also include an unequipped operating room for future use.
- The facility will be constructed by a developer, ValFund.
- The land is currently owned by Magnolia Gardens, Inc. and Camellia Gardens, Inc. A single purpose LLC will be formed to lease the site and the building to the applicant. The initial term of the lease will be ten years.

### **Ownership**

- Bartlett ASC, LLC is a limited liability company whose current member is USP Tennessee, Inc (USPT). The parent company for these entities is United Surgical Partners International (USPI)
- USPI was founded in 1998 and generally partners with physicians and health systems to own and operate ASTCs. In Tennessee, USPI has ownership interest in 22 ASTCs and one specialty hospital. Overall USPI owns and operates over 260 short-stay ambulatory facilities.
- Tenet Healthcare (Tenet) purchased a controlling interest in USPI in 2015.
- Tenet is the ownership entity of St. Francis Hospital and St. Francis Hospital-Bartlett.

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- USPT anticipates maintaining 51% membership interest and syndicating 49% in membership interest to area physicians.

## **NEED**

### **Project Need**

The applicant states a certificate of need for a multi-specialty ASTC is being requested for the following reasons:

- The interest of Tabor Orthopedics is a very important factor as this group will account for a significant portion of the projected utilization.
- The applicant expects the majority of the utilization for the proposed project will be a shift of surgeries from the Surgery Center at St. Francis which will alleviate crowding there.
- The existing multi-specialty ASTCs in Shelby County are either owned by a physician group and limited to its patients or affiliated with a specific hospital.

### **Service Area Demographics**

The applicant's proposed primary service area is a 21-ZIP Code region in Shelby County. Eight of the ZIP codes are identified as Memphis, one as Arlington, two as Cordova, one as Millington, one as Somerville, one as Oakland, one as Covington, one as Atoka, one as Munford, one as Brighton, one as Eads, one as Drummonds, and one as Mason. The applicant expects that approximately 85% of the ASTC patients will reside in this ZIP Code region. The total service area is Shelby and Fayette Counties.

*Note to Agency members: The applicant has stated that its 21 ZIP Code Region primary service area is within Shelby County and the secondary service area is the balance of Shelby County and Fayette County. Review of the applicant's ZIP Code Region by Agency staff indicated that 6 of the ZIP Codes are in Tipton County, a county not declared as part of the service area, and 2 of the ZIP Codes in Fayette County. A map highlighting the location of the 21 ZIP Code region is included at the end of the staff summary.*

Highlights of the applicant's proposed two county service area (Shelby and Fayette) are provided as follows:

- The total population of the service area is estimated at 1,003,998 in CY 2016 increasing by approximately 2.5% to 1,029,532 residents in CY 2020.
- The overall Tennessee statewide population is projected to grow by 4.3% from 2016 to 2020.

- The number of residents enrolled in TennCare is approximately 28.2% of the total service area population compared to 22.8% statewide.

**Note to Agency members:**

- The total population of Tipton County is estimated at 67,250 in CY 2016 increasing by approximately 5.9% to 71,196 residents in CY 2020.
- The overall Tennessee statewide population is projected to grow by 4.3% from 2016 to 2020.
- The number of residents enrolled in TennCare is approximately 21.2% of the total service area population compared to 22.8% statewide.

**Historical Service Area Operating and Procedure Room Utilization**

According to the Department of Health's Joint Annual Report (JAR), in 2015 there were ten licensed multi-specialty ASTCs and seventeen single specialty ASTCs in the defined service area.

The following table identifies operating room and procedure room utilization in the service area in 2015 and compares it to ASTC CON criteria pertaining to optimal ASTC CON utilization standard of 70% of full capacity found in the State Health Plan.

## Service Area Operating and Procedure Room ASTC Patient Utilization-2015

ASTC	# ORs	Cases	Cases/OR	*% of Full Capacity	# PRs.	Cases	Cases/PR	*% of Full Capacity
Baptist Germantown SC	5	3,811	762	60.3%	0	0	NA	NA
Campbell Clinic SC-Midtown	4	1,323	331	26.2%	0	0	NA	NA
Campbell Clinic SC	4	3,483	871	68.9%	1	3,769	3,769	141.3%
East Memphis SC	6	4,190	698	55.3%	3	1,151	384	14.4%
Le Bonheur East SC II	4	4,108	1,027	81.3%	0	0	NA	NA
Memphis SC	4	2,657	664	52.6%	1	0	0	0.0%
Methodist SC-Germantown	4	3,943	986	78.0%	1	1,252	1,252	46.9%
North SC	4	2,351	588	46.5%	1	1,339	1,339	50.2%
Semmes-Murphey Clinic	3	1,570	523	41.4%	2	4,712	2,356	88.3%
Surgery Center at Saint Francis	4	5,288	1,322	104.7%	2	1,118	559	21.0%
<b>Multi-Specialty Sub-Total</b>	<b>42</b>	<b>32,724</b>	<b>779</b>	<b>61.7%</b>	<b>11</b>	<b>13,341</b>	<b>1,213</b>	<b>45.5%</b>
Endoscopy Center of Mid South	0	0	NA	NA	1	2,022	2,022	75.8%
Eye Care SC of Memphis	2	0	0	0.0%	1	1,206	1,206	45.2%
Germantown ASC	1	106	106	8.4%	0	0	NA	NA
GI Diagnostic and Therapeutic Center	0	0	NA	NA	6	15,128	2,521	94.5%
Hamilton Eye Institute SC	3	3,527	1,176	93.1%	2	545	273	10.2%
Mays and Snapp Pain Clinic and RC	2	4,422	2,211	175.1%	0	0	NA	NA
Memphis Cntr. Reproductive Health	0	0	NA	NA	2	2,124	1,062	39.8%
Memphis Eye and Cataract ASC	3	1,656	552	43.7%	1	356	356	13.3%
Memphis GI Endoscopy Center-East	0	0	NA	NA	6	9,525	1,588	59.5%
Mid-South Gastroenterology Group	0	0	NA	NA	3	7,506	2,502	93.8%
Midsouth Interventional Pain Institute	0	0	NA	NA	2	2,728	1,364	51.1%
Planned Parenthood of Memphis	0	0	NA	NA	2	3,311	1,656	62.1%
Ridge Lake ASC	2	4,493	2,247	177.9%	4	2,448	612	22.9%
Shea Clinic	2	2,263	1,132	89.6%	0	0	NA	NA
Urocenter	3	3,648	1,216	96.3%	0	0	NA	NA
Wesberry SC	1	150	150	11.9%	0	0	NA	NA
Wolf River SC	4	2,749	687	54.4%	2	2,480	1,240	46.5%
<b>Single-Specialty Sub-Total</b>	<b>23</b>	<b>23,014</b>	<b>1,001</b>	<b>79.2%</b>	<b>32</b>	<b>49,379</b>	<b>1,543</b>	<b>57.9%</b>
<b>All ASTC TOTAL</b>	<b>65</b>	<b>55,738</b>	<b>858</b>	<b>67.9%</b>	<b>43</b>	<b>62,720</b>	<b>1,459</b>	<b>54.7%</b>

Source: Tennessee Department of Health, Division of Health Statistics, Joint Annual Reports

\*Optimal capacity is 70% of full capacity

The above utilization table reflects the following:

- The ten multi-specialty ASTCs contained 42 operating rooms and 11 procedure rooms. Overall the multispecialty ORs operated at 61.7% of full capacity and the procedure rooms operated at 45.5% of full capacity. Individually, two of the ten multi-specialty ASTCs met the 70% utilization standard for ORs including the Surgery Center of Saint Francis which operated at almost 105% of the standard.

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- The 17 single specialty ASTCs contained 23 operating rooms and 32 procedure rooms. Overall the single specialty ORs operated at 79.2% of full capacity and the procedure rooms operated at 57.9% of full capacity. Individually, five of the single specialty ASTCs operated at or above the 70% utilization standard for ORs and three of the single specialty ASTCs operated at or above the 70% utilization standard for PRs.
- For all ASTCs in the service area overall 65 operating rooms operated at 67.9% of full capacity and 43 procedure rooms operated at 54.7% of full capacity.

**Service Area ASTC Surgical Utilization Trends**  
**\*2013-2015**

*ASTC	2013 Cases	2014 Cases	2015 Cases	% Change 2013-2015
Baptist Germantown SC	2,984	3,508	3,811	27.7%
Campbell Clinic SC-Midtown	895	161	1,323	47.8%
Campbell Clinic SC	7,228	7,353	7,252	0.3%
East Memphis SC	5,462	5,269	5,341	-2.2%
Le Bonheur East SC II	2,391	2,446	4,108	71.8%
Memphis SC	3,049	2,861	2,652	-13.0%
Methodist SC-Germantown	5,572	5,455	5,195	-6.8%
North SC	3,530	3,617	3,690	4.5%
Semmes-Murphey Clinic	3,513	3,617	3,690	5.0%
Surgery Center at Saint Francis	6,141	6,571	6,406	4.3%
<b>Multi-Specialty Sub-Total</b>	<b>40,765</b>	<b>40,858</b>	<b>43,468</b>	<b>6.6%</b>
Endoscopy Center of Mid South	2,570	2,264	2,022	-21.3%
Eye Care SC of Memphis	1,088	1,036	1,206	10.8%
Germantown ASC	115	113	106	-7.8%
GI Diagnostic and Therapeutic Center	15,573	16,230	15,128	-2.9%
Hamilton Eye Institute SC	3,356	3,808	4,072	21.3%
Mays and Snapp Pain Clinic and RC	4,215	4,245	4,422	4.9%
Memphis Eye and Cataract ASC	2,225	2,097	2,012	-9.6%
Memphis GI Endoscopy Center-East	9,359	9,613	9,525	1.8%
Mid-South Gastroenterology Group	6,597	6,440	7,506	13.8%
Midsouth Interventional Pain Institute	3,549	3,229	2,728	-23.1%
Ridge Lake ASC	4,615	6,587	6,941	50.4%
Shea Clinic	2,629	998	2,263	-13.9%
Urocenter	3,357	3,698	3,648	8.7%
Wesberry SC	912	912	1,500	64.5%
Wolf River SC	5,519	5,601	5,229	-5.3%
<b>Single-Specialty Sub-Total</b>	<b>65,679</b>	<b>66,871</b>	<b>68,308</b>	<b>4.0%</b>
<b>All ASTC TOTAL</b>	<b>106,444</b>	<b>107,729</b>	<b>111,776</b>	<b>5.0%</b>

Source: Tennessee Department of Health, Division of Health Statistics, Joint Annual Reports

\*Excludes Memphis Cntr. Reproductive Health and Planned Parenthood of Memphis, since neither ASTC reported surgical volumes in 2013 and 2014.

The table above illustrates the utilization trends of ASTCs in Shelby County between 2013 and 2015.

- Overall multi-specialty ASTCs experienced a 6.6% increase in surgical volume between 2013 and 2015. Individually 7 of the 10 multi-specialty ASTCs experienced an increase in surgical volume between 2013 and 2015.
- Overall single specialty ASTCs experienced a 4.0% increase in surgical volume between 2013 and 2015. Individually 8 of the 17 single specialties experienced an increase in surgical volumes between 2013 and 2015.
- Overall, ASTCs in Shelby County experienced a 5% increase in volume between 2013 and 2015.

**Service Area Hospital Outpatient Surgical Utilization  
\*2012-2014**

Hospital	2012 Cases	2013 Cases	2014 Cases	% Change 2012-2014
Baptist Memorial	4,867	4,183	3,981	-18.2%
Baptist Memorial-Collierville	1,773	1,680	1,649	-7.0%
Baptist Memorial-Women	1,875	1,767	1,823	-2.8%
Delta Medical Center	1,320	1,173	1,924	45.8%
LeBonheur Children's	7,708	7,566	7,581	-1.6%
Methodist-Fayette	373	0	0	-100.0%
Methodist-Germantown	5,654	6,443	6,061	7.2%
Methodist-Memphis	3,770	4,282	4,541	20.5%
Methodist-North	976	958	928	-4.9%
Methodist-South	1,021	1,110	1,000	-2.1%
Regional One Health	1,377	1,445	1,922	39.6%
St. Francis	5,591	5,509	5,517	-1.3%
St. Francis-Bartlett	2,343	2,437	2,511	7.2%
St. Jude	2,809	2,693	2,763	-1.6%
**Baptist Memorial Tipton	761	641	577	-24.2%
<b>HOSPITAL TOTAL</b>	<b>42,218</b>	<b>41,887</b>	<b>42,778</b>	<b>1.3%</b>

\*2015 Hospital JAR data has not been released by the Department of Health.

\*\*Baptist-Tipton is included since six of applicant's ZIP Codes declared within the primary service area are in Tipton County.

The table above illustrates the utilization trends of hospitals that provided outpatient surgery in Shelby County between 2013 and 2015.

- Overall there are 14 hospitals in Shelby County and one in Tipton County providing outpatient surgery services. One hospital in Fayette County stopped reporting surgical volume after 2012. Overall, hospital outpatient surgery volume increased 1.5% between 2013 and 2015. Individually five of the hospitals experienced outpatient surgical volume growth between 2013 and 2015.

### **Applicant's Projected Utilization**

The following are the applicant's surgical case projections for Year One (2017) and Year Two (2018).

<b>Room Type (# of Rooms)</b>	<b>2018 Cases</b>	<b>2019 Cases</b>
Operating (2)	1,230	1,993
Procedure (1)	755	1,224
<b>Total</b>	<b>1,985</b>	<b>3,217</b>

Source: CN1605-019

- Total surgical volume is expected to reach 1,985 cases in 2018 increasing by approximately 62% to 3,217 cases in Year 2
- Approximately 62% of the cases are expected to take place in the operating rooms.
- Orthopedic and spine cases are expected to account for 56% of the cases while the other 38% of the cases are expected to be pain management.

## **ECONOMIC FEASIBILITY**

### **Project Cost**

Major costs of the \$9,837,855.48 total estimated project cost are as follows:

- Facility Lease of \$2,683,250 or approximately 27.3% of the total project cost.
- Tenant Improvements of \$2,901,353 or approximately 29.5% of total cost.
- Moveable Equipment of \$3,002,412 or approximately or 30.5% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 33 of the application.

### **Financing**

The proposed project will be financed by cash reserves, commercial loan, working capital, and operating revenues.

- A letter dated May 23, 2016 from the CFO of United Surgical Partners International's (USPI) signified intent to fund \$2,000,000 toward the project. The applicant anticipates an additional \$2,000,000 in cash when it syndicates the surgery center. The \$650,000 working capital identified in the Project Cost Chart will come from this cash amount.

*Note to Agency members: Erik J. Kraemer, Senior Vice President, Development, USPI confirms that even though no issues are anticipated regarding member syndication, USPI has the additional \$2M in funds available, if needed. (See Additional Information at the end of the application)*

- A letter dated May 23, 2016 from the Vice President of Frost Bank notes favorable conversations with USPI regarding a \$3.1M loan. Anticipated are a 90 month term and a fixed rate of approximately 5.5%.

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- The lease costs of \$2,683,250 are expected to be paid from operating revenues.
- Review of Tenet Healthcare's financial statements revealed cash and cash equivalents of \$728,000,000, current assets of \$5,129,000,000, and current liabilities of \$4,268,000,000 for the fiscal period ending March 31, 2016 for a current ratio of 1.20 to 1.0.

*Note to Agency Members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.*

#### **Historical Data Chart**

- Since the applicant is applying for a new ASTC, a historical data chart is not applicable.

#### **Projected Data Chart**

The applicant projects \$6,378,033.00 in total gross revenue on 1,985 surgical cases during the first year of operation and \$9,341,653.00 on 3,217 surgical cases in Year Two (approximately \$2,904 per case). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$(188,024) in Year One increasing to \$844,625 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach \$7,948,552 or approximately 85% of total gross revenue in Year Two.
- Charity care at approximately 0.9% of total gross revenue in Year One and in Year Two equaling to \$55,000 and \$82,000, respectively.
- Charity Care calculates to 17 cases in Year One and 28 cases in Year Two.

#### **Charges**

In Year One of the proposed project, the average charge per surgical case is as follows:

- Average Gross Charge  
\$3,213
- Average Deduction from Operating Revenue  
\$490
- Average Net Charge  
\$2,723

**Payor Mix**

The applicant anticipates payor mix for Year 1 to be as follows:

- 12% Medicare
- 1.3% TennCare
- 86.7% Commercial

**PROVIDE HEALTHCARE THAT MEETS  
APPROPRIATE QUALITY STANDARDS****Licensure**

- The propose ASTC will be licensed by the Tennessee Department of Health

**Certification**

- The applicant plans to participate in Medicare and contract will all TennCare MCOs in West Tennessee.

**Accreditation**

- The applicant plans to seek accreditation from The Joint Commission.

**CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF  
HEALTHCARE****Agreements**

- The applicant expects to have transfer agreements with St. Francis Hospital and St. Francis Hospital-Bartlett
- The applicant expects to contract with the predominant managed care insurers in the market to include: Blue Cross of Tennessee, United Healthcare, CIGNA, and Aetna.
- The applicant will participate in Medicare and contract with Medicare Advantage Plans.
- The applicant expects to contract with the TennCare MCOS in West Tennessee to include: AmeriGroup, BlueCare, United Healthcare Community Plan, and TennCare Select.

**Impact on Existing Providers**

- The applicant expects the majority of the surgical volume to be generated by a shift of outpatient procedures from the Surgery Center of Saint Francis that will alleviate crowding there.
- North Surgery Center is located in the service area but it is generally used by physicians who practice at Methodist North Hospital.

**Bartlett ASC, LLC**

**CN1605-020**

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### **Staffing**

The applicant's proposed staffing includes the following:

<b>Position Type</b>	<b>FTEs</b>
Registered Nurse	9.0
Surgical Technologists	5.0
Other	4.0
<b>Total</b>	<b>18.0</b>

*Source: CN1605-019*

*Corporate documentation, draft management agreement, and option to lease agreement are on file at the Agency office and will be available at the Agency meeting.*

Should the Agency vote to approve this project, the CON would expire in two years.

### **CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:**

There are no Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

*Tenet Healthcare has an interest in this project and the following:*

#### **Outstanding Certificates of Need**

**Crestwyn Behavioral Health, CN1310-040A**, has an outstanding Certificate of Need that will expire on June 1, 2017. The project was approved at the April 23, 2014 Agency meeting for the establishment of a 60 bed joint venture mental health psychiatric hospital located on an unaddressed tract of land on the east side of Crestwyn Hills Drive, approximately 0.2 miles south of the intersection of Crestwyn Hills Drive and Winchester Road in Germantown. The beds will be designated in the following manner: 15 beds will be dedicated to psychiatric care for adolescents, 30 for adults of all ages, and 15 for adult chemical dependency care. The joint venture partners include Acadia Healthcare, Delta Medical Center, and Saint Francis Hospital. A total of 60 existing psychiatric beds will be de-licensed by Delta Medical Center (20) and Saint Francis Hospital (40). The estimated project cost is **\$26,875,862.00**. *Project Status: The facility was licensed by the Tennessee Department of Mental Health and Substance Abuse Services effective April 29, 2016. A final project report is pending.*

USPI has an interest in this project and the following:

Outstanding Certificates of Need

**Baptist Plaza Surgicare, CN1307-029AM**, has an outstanding Certificate of Need which will expire on June 30, 2017. It was approved at the October 23, 2013 Agency meeting for the relocation and replacement of the existing ASTC from 2011 Church Street Medical Plaza I Lower Level, Nashville (Davidson County) to the northeast corner of the intersection of Church Street and 20<sup>th</sup> Avenue North Nashville (Davidson County). The facility will be constructed in approximately 28,500 SF of rentable space in a new medical office building and will contain nine (9) operating rooms and one (1) procedure room. **Note: Modification of the project was approved at the July 23, 2014 Agency meeting. The total estimated project cost has been reduced by approximately \$10 million. The ASTC will remain in its current location at Medical Plaza 1 on the hospital campus of Saint Thomas-Midtown and relocate from the basement to a new 3<sup>rd</sup> floor addition with slightly more space. The modification is a significant change to the project's original plan to relocate to a new building constructed on the northeast corner of Church Street and 20<sup>th</sup> Avenue North near the hospital campus. The revised estimated project cost is \$19,095,948.00.** *Project Status Update: An 18 month extension was granted by the Agency at the October 28, 2015 Agency meeting. A 10/3/2016 email update from a representative of the applicant stated that the project is progressing and it is anticipated that construction will be complete in the 1<sup>st</sup> quarter of 2017; late February or early March.*

**CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no other Letters of Intent, denied or pending applications for similar service area entities proposing this type of service.

Outstanding Certificates of Need

**Methodist Healthcare-Memphis Hospital d/b/a Methodist University Hospital, CN1602-009A**, has an outstanding Certificate of Need that will expire on July 1, 2020. The CON was approved at the May 25, 2016 Agency meeting for the construction and renovation of 470,000 SF of space located at 1211-1285 Union Avenue, Memphis (Shelby County), TN. The project is the onsite replacement and modernization of the campus including the construction of a new patient tower and adjacent building to consolidate ambulatory services. The project does not involve changes to the applicant's 617 licensed acute care bed complement; however, 204 beds will be relocated to the new patient tower, and 28 medical-surgical beds will be converted to critical care beds. The project will add an intraoperative MRI

**Bartlett ASC, LLC**

**CN1605-020**

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(iMRI), a third linear accelerator to existing linear accelerator services, and relocate PET, CT, and infusion equipment and services from 1588 Union Avenue, Memphis, TN. The estimated total project cost is **\$280,000,000.00**. *Project Status: This application was recently approved.*

**Methodist Healthcare-Memphis Hospital d/b/a West Cancer Center, CN1311-043A**, has an outstanding Certificate of Need that will expire on April 1, 2017. The CON was approved at the February 26, 2014 Agency meeting for the establishment of a 109,285 square foot comprehensive cancer center to be operated as an outpatient department of Methodist Healthcare. The facility will be located on 9.63 acres at 7945 Wolf River Boulevard, Germantown (Shelby County), TN 38138. The project includes the relocation of a linear accelerator, positron emission tomography/computed tomography (PET/CT), magnetic resonance imaging (MRI) and computed tomography (CT) services and equipment, to replace MRI equipment, to acquire an additional linear accelerator and to establish ambulatory operating rooms. The estimated total project cost is **\$60,554,193.00**. *Project Status: According to a 9/30/2016 email from a representative of the applicant, the project is complete. The applicant is awaiting final invoices so that a Final Project Report can be completed and submitted.*

**Campbell Clinic Surgery Center, CN1208-040A**, has an outstanding Certificate of Need that will expire on November 1, 2017. The CON was approved at the November 14, 2012 Agency meeting for expansion of the existing ASTC limited to orthopedics and pain management from four (4) operating rooms, used for orthopedic cases, and one (1) procedure room, used for pain management cases to eight (8) operating rooms for orthopedic cases and two (2) procedure rooms for pain management cases. Two of the operating rooms will initially be shelled-in. The surgery center will remain as having a closed medical staff, limited to the surgeons of Campbell Clinic, PC. The estimated total project cost is **\$13,277,258**.

**Note: The original expiration date was January 1, 2015. The Agency approved a 24 month extension at is November 19, 2014 meeting.**

*Project Status: In the Annual Progress Report dated 6/7/2016, it was reported the contract has been executed with Commercial Advisors for professional services related to the project. Comprehensive project development plan anticipated for presentation to Campbell Clinic PC shareholders in 4<sup>th</sup> quarter of 2016.*

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH,  
DIVISION OF HEALTH STATISTICS FOR A DETAILED ANALYSIS OF THE  
STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH  
CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND  
CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN  
THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS  
SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

MAF

10/11/16

ARKANSAS

LAUDERDALE

HAYWOOD

• Brownsville

MA

TIPTON

38023

38011

38019

• Covington

38058

• Munford

38014

38053

38053

• Millington

38002

• Arlington

38049

38068

38127

38128

38135

38133

38016

38028

38060

FAYETTE

• MEMPHIS

38108

38122

38134

• Bartlett

38018

• Germantown

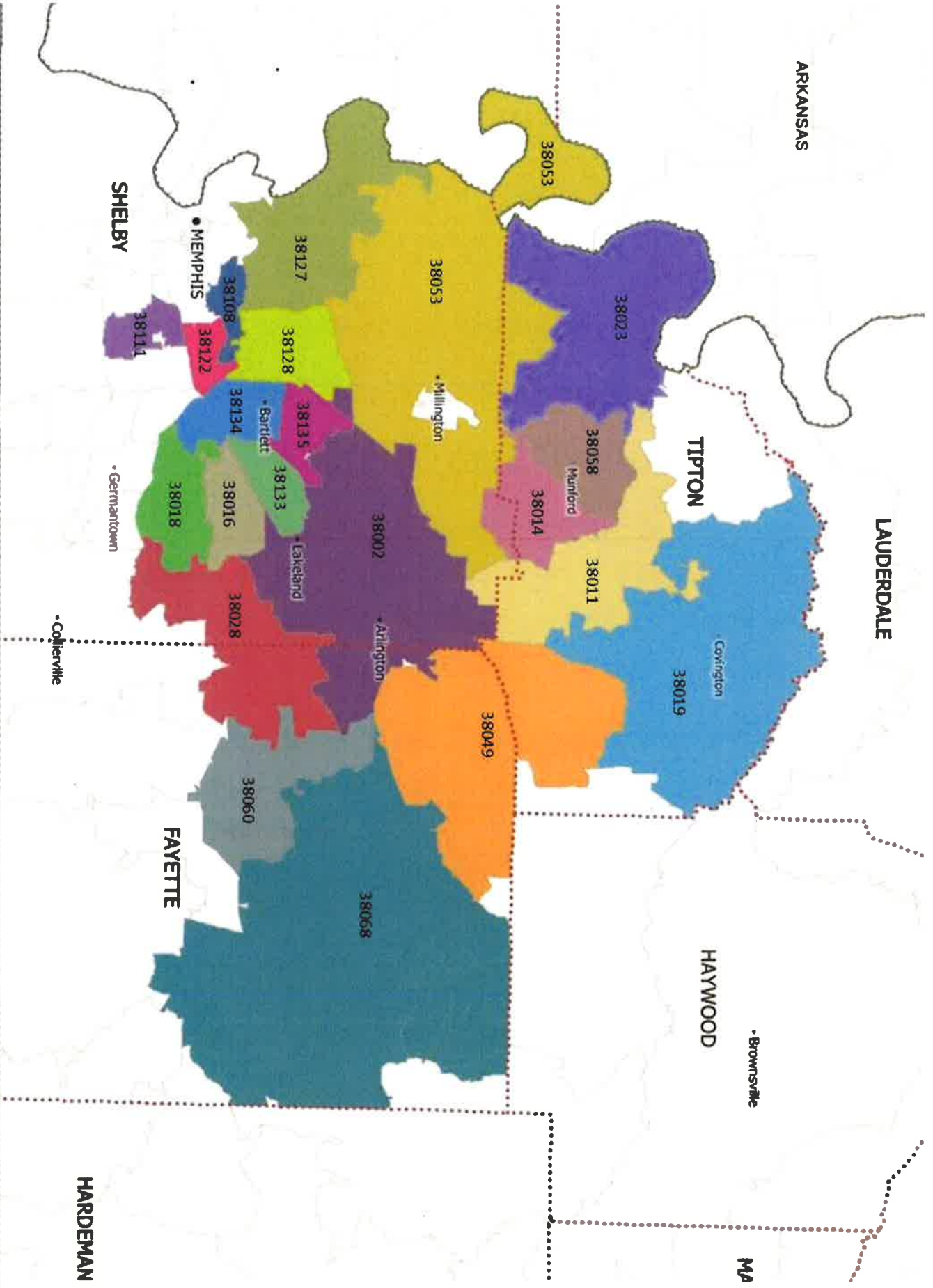
SHELBY

38114

• Collierville

MISSISSIPPI

HARDEMAN



# **LETTER OF INTENT**



**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

**LETTER OF INTENT**

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper  
(Name of Newspaper)  
of general circulation in Shelby, Tennessee, on or before May 10, 2016  
(County) (Month/Day) (Year)  
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Bartlett ASC, LLC an ambulatory surgical treatment  
(Name of Applicant) center  
(Facility Type-Existing)

owned by: Bartlett ASC, LLC with an ownership type of limited liability company

and to be managed by: USP Tennessee, Inc. intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: The establishment of an ambulatory surgical treatment center to provide outpatient surgery services on land which is located at 0 Kate Bond Boulevard, Bartlett, Shelby County, Tennessee 38133 (address to be assigned). No licensed beds will be affected, and no major medical equipment will be purchased as a result of this project. The cost of this project is estimated to be \$7,150,000.

The anticipated date of filing the application is: May 12, 2016

The contact person for this project is Kim H. Looney Attorney  
(Contact Name) (Title)

who may be reached at: Waller Lansden Dortch & Davis LLP 511 Union Street; Suite 2700  
(Company Name) (Address)

Nashville TN 37219 615 / 850-8722  
(City) (State) (Zip Code) (Area Code) (Phone Number)

Kim H. Looney May 10, 2016 Kim.Looney@wallerlaw.com  
(Signature) (Date) (Email-Address)

The Letter of Intent must be **filed in triplicate** and **received between the first and the tenth** day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency**  
**Andrew Jackson Building, 9<sup>th</sup> Floor**  
**502 Deaderick Street**  
**Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**Original Application**  
**Copy**

**Bartlett ASC,**  
**LLC**

**CN1605-020**

1. **Name of Facility, Agency, or Institution**

Bartlett ASC, LLC

Name

0 Kate Bond Boulevard

Shelby

Street or Route

County

Bartlett

TN

38133

City

State

Zip Code

2. **Contact Person Available for Responses to Questions**

Kim H. Looney, Esq.

Attorney

Name

Title

Waller Lansden Dortch & Davis LLP

kim.looney@wallerlaw.com

Company Name

Email address

511 Union Street, Suite 2700

Nashville

TN

37219

Street or Route

City

State

Zip Code

Attorney

615-850-8722

615-244-6804

Association with Owner

Phone Number

Fax Number

3. **Owner of the Facility, Agency or Institution**

Bartlett ASC, LLC

Name

Phone Number

8 Cadillac Dr. Suite 200

Williamson

Street or Route

County

Brentwood

TN

37027

City

State

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

F. Government (State of TN

B. Partnership

or Political Subdivision)

C. Limited Partnership

G. Joint Venture

D. Corporation (For Profit)

H. Limited Liability Company

E. Corporation (Not-for-Profit)

I. Other (Specify)

X

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

**Response:** Please see organizational documents included as Attachment A-4.

5. **Name of Management/Operating Entity (If Applicable)**

USP Tennessee, Inc.

Name

15305 Dallas Parkway, Suite 1600

Dallas

Street or Route

County

Addison

TX

75001

City

State

Zip Code

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

**Response:** Please see attached draft management agreement included as Attachment A-5.

6. **Legal Interest in the Site of the Institution (Check One)**

A. Ownership

D. Option to Lease

X

B. Option to Purchase

E. Other (Specify) \_\_\_\_\_

C. Lease of \_\_\_\_\_ Years

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

**Response:** Please see attached draft option to lease included as Attachment A-6.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

A. Hospital (Specify) \_\_\_\_\_

I. Nursing Home

B. Ambulatory Surgical Treatment  
Center (ASTC), Multi-Specialty X

J. Outpatient Diagnostic Center

C. ASTC, Single Specialty

K. Recuperation Center

D. Home Health Agency

L. Rehabilitation Facility

E. Hospice

M. Residential Hospice

F. Mental Health Hospital

N. Non-Residential Methadone  
Facility

G. Mental Health Residential

O. Birthing Center

Treatment Facility

P. Other Outpatient Facility

H. Mental Retardation Institutional  
Habilitation Facility (ICF/MR)

(Specify) \_\_\_\_\_

Q. Other (Specify) \_\_\_\_\_

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

A. New Institution X

G. Change in Bed Complement

B. Replacement/Existing Facility

[Please note the type of change  
by underlining the appropriate  
response: Increase, Decrease,  
Designation, Distribution,  
Conversion, Relocation]

C. Modification/Existing Facility

D. Initiation of Health Care

Service as defined in

TCA § 68-11-1607(4)

(Specify) \_\_\_\_\_

H. Change of Location

E. Discontinuance of OB Services

I. Other (Specify) \_\_\_\_\_

F. Acquisition of Equipment

9. **Bed Complement Data**

*Please indicate current and proposed distribution and certification of facility beds.*

Response: Not applicable

	Current Beds		Staffed	Beds	TOTAL
	Licensed	*CON	Beds	Proposed	Beds at Completion
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
<b>TOTAL</b>	=====	=====	=====	=====	=====

\*CON-Beds approved but not yet in service

10. Medicare Provider Number \_\_\_\_\_ To be applied for \_\_\_\_\_  
 Certification Type ASC

11. Medicaid Provider Number \_\_\_\_\_ To be applied for \_\_\_\_\_  
 Certification Type ASC

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? Yes

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes** If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract. AmeriGroup, BlueCare, United Healthcare Community Plan and TennCare Select  
**Discuss any out-of-network relationships in place with MCOs/BHOs in the area.** N/A

**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

### **Response:**

**Applicant/Ownership Structure:** The applicant is Bartlett ASC, LLC, whose current member is USP Tennessee, Inc. ("USPT"). The parent company for these entities is United Surgical Partners International ("USPI"). USPI was founded in 1998, and is one of the prominent leaders in ambulatory surgery. USPI generally partners with physicians and health systems to own and operate ASTCs. In Tennessee, USPI, or a related entity, has an ownership interest in 22 ASTCS and 1 specialty hospital. A list of these facilities is included in Attachment B, Project Description, I-Executive Summary. Tenet purchased a controlling interest in USPI in 2015. As such, the structure of this ASTC is different than for those hospitals which are not owned by Tenet. In this situation, Saint Francis Hospital-Bartlett is not a direct owner of the Bartlett ASC, LLC. Instead, SFH-Bartlett will indirectly benefit from the establishment of this ASTC because the ultimate parent company of both Bartlett ASC, LLC and SFH-Bartlett is Tenet.

**Facility/Services:** The applicant proposes to establish a multi-specialty ASTC located on Kate Bond Road in Bartlett, approximately one mile from SFH-Bartlett. In Shelby County, there are 10 existing multi-specialty ASTCs. Two are owned by Campbell Clinic and limited to that physician group, one is owned by Semmes-Murphy and is limited to that physician group. The remaining ASTCs are all affiliated with an area hospital, including the Surgery Center of Saint Francis.

**Service Area:** The service area for the proposed ASTC includes portions of Shelby County as well as Fayette County. The zip codes that comprise the service area include 38134, 38002, 38135, 38016, 38133, 38128, 38053, 38127, 38068, 38060, 38018, 38122, 38019, 38004, 38058, 38011, 38108, 38028, 38023, 38049, and 38111. These zip codes are all included in the service area for SFH-Bartlett so it is reasonable to expect that an ASTC that is located in Bartlett would have a substantially similar service area. A map with these zip codes identified is included as Attachment C-Need-3.

Need: The applicant feels this project is needed based on several factors. The interest of Tabor Orthopedics, which is a group of 8 orthopedic specialists and 1 pain management specialist, is a very important factor, which accounts for a significant portion of the projected utilization. The fact that many of the surgeries currently performed at The Surgery Center at Saint Francis, Saint Francis Hospital and SFH Bartlett will be shifted to this surgery center, due to the type of surgery or convenience of the patients will also be key to the success of the Bartlett ASC.

Existing Resources: With the exception of North Surgery Center, which is located on the campus of and partially owned by Methodist North Hospital, there are no ASTCs in the entire proposed service area. North Surgery Center is generally used by those physicians who practice at Methodist North Hospital. Methodist closed its hospital in Fayette County in March, 2015. A significant number of those patients are choosing to receive care at SFH-Bartlett, which is the closest hospital.

Project Cost/Funding: The applicant anticipates leasing the ASTC space from a developer run entity for a period of 10 years. The overall project costs are estimated to be \$9,815,770, which includes the net present value of the lease, the tenant improvements for the space, pre-opening expenses, working capital, and the equipment and furnishings necessary to operate the ASTC. Since the applicant will not be the entity owning and developing the project, there are no financing costs for the applicant.

Financial Feasibility: The project is financially feasible; the costs of the project are reasonable and the applicant expects to have a positive cash flow in year 2.

Staffing: The center will operate with 18.0 FTEs, 14.0 of which are clinical positions. Candidates are readily available from within the existing healthcare industry and the applicant's affiliated facilities. The center will utilize a number of channels to secure needed staff, including posting in on-line recruiting platforms and engaging recruiting firms. The applicant's affiliated facilities in Memphis have a history of successfully recruiting professional and administrative staff because they provide competitive compensation and benefits and are committed to the retention of existing personnel.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
  - A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction

and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

**Response:**

The current member of the applicant, Bartlett ASC, LLC, is USPT. It is anticipated that USPT will own a 51% membership interest. The applicant also plans to syndicate 49% in membership interests to area physicians, including orthopedic surgeons and pain management specialists. Thus far, the applicant has received interest in ownership in the project from the physicians at Tabor Orthopedics. Tabor Orthopedics currently has 8 orthopedic surgeons and a pain management specialist. Tabor anticipates adding another pain management specialist in the next year and one or two more orthopedic surgeons over the next couple of years, which will significantly increase the group's surgical volume. With both orthopedic and spinal cases, and pain management services currently anticipated and the potential for other specialties, the applicant is requesting a CON for a multi-specialty ASTC.

The applicant plans to lease space from a developer for a newly constructed ASTC with 2 operating rooms and 1 procedure room, on a campus that will also include a MOB. To plan for anticipated growth in volume, due to both the growth in population in Bartlett, the addition of new physicians to Tabor Orthopedics, and the possible addition of other specialties, the applicant plans to have an additional operating room ready to use, but will not purchase equipment to make it operational until the utilization has increased sufficiently at the facility to justify its use. The facility will include pre-op and post-op space as well as waiting areas and all other required areas. The square footage will be approximately 13,500 square feet. The operating and procedure room spaces will be built to AIA Guidelines and State licensure standards for ASTCs. The cost per square foot for the new construction is anticipated to be \$228.50 per square foot. The 2012-2014 third quartile statewide construction cost for ASTCs was \$174.88 per square foot. However, recent projects such as the Southern Hills Surgery Center, CN1411-047D, had a higher construction cost at \$360 per square foot. Thus, while the cost per square foot is higher than the cost per square foot calculated by the HSDA, it is lower than the cost per square foot projected for the Southern Hills Surgery Center, which the HSDA denied.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

**Response:** Not applicable.



C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

**Response:** Not applicable

D. Describe the need to change location or replace an existing facility.

**Response:** Not applicable. This application does not involve a change of location or replacement of an existing facility.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:
    1. Total cost ;(As defined by Agency Rule).
    2. Expected useful life;
    3. List of clinical applications to be provided; and
    4. Documentation of FDA approval.

**Response:** Not applicable

- b. Provide current and proposed schedules of operations.

**Response:** Not applicable

2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost.
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.

**Response:** Not applicable

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

**Response:** Not applicable

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.***

**Response:** Please see a copy of the plot plan included as Attachment B, Project Description-III.(A)-4.

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**Response:** The proposed site is on Kate Bond Rd, one block off of Highway 64 in Bartlett, Tennessee. The site is less than a mile from Saint Francis Hospital-Bartlett. Memphis Area Transit Authority operates the Wolfchase bus route on Highway 64. The route provides regular daily service. This route connects with other bus service throughout the Memphis area. Due to patient discharge policies, however, bus and taxi access is not advisable. Patients generally arrive and leave via private automobile.

The location is also very accessible by car. The proposed site is less than two miles off of Interstate 40. The location is between Highway 64 and Highway 79, both of which are major thoroughfares in Bartlett, providing easy access to the community.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

**Response:** Please see a copy of the floor plan included as Attachment B, Project Description-IV.

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;

**Response:** Not applicable.

2. Proposed service area by County;

**Response:** Not applicable.

3. A parent or primary service provider;

**Response:** Not applicable.

4. Existing branches; and

**Response:** Not applicable.

5. Proposed branches.

**Response:** Not applicable.

### **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

## QUESTIONS

### NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.
  - b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

### AMBULATORY SURGICAL TREATMENT CENTERS

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to establish or expand Ambulatory Surgical Treatment Centers (ASTCs). Existing ASTCs are not affected by these standards and criteria unless they take an action that requires a new certificate of need (CON) for the establishment or expansion of an ASTC.

These standards and criteria are effective immediately as of May 23, 2013, the date of approval and adoption by the Governor of the State Health Plan changes for 2013. Applications to establish or expand an ASTC that were deemed complete by the HSDA prior to this date shall be considered under the Guidelines for Growth, 2000 Edition.

#### Assumptions in Determination of Need

The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

1. Operating Rooms
  - a. An operating room is available 250 days per year, 8 hours per day.  
**Response:** The operating rooms will be available 250 days per year, 8 hours per day.
  - b. The estimated average time per Case in an Operating Room is 65 minutes.  
**Response:** The applicant anticipates that the average time per case in an operating room will be 90 minutes, rather than the standard of 65 minutes.
  - c. The average time for cleanup and preparation between Operating Room Cases is 30 minutes.

**Response:** The applicant anticipates that the average time for cleanup will be 15 minutes rather than 30 minutes so the overall time for cases in the operating rooms projected by the applicant is the same as the criteria for operating rooms.

- d. The optimum utilization of a dedicated, outpatient, general-purpose Operating Room is 70% of full capacity.  $70\% \times 250 \text{ days/year} \times 8 \text{ hours/day}$  divided by 95 minutes 884 Cases per year.

**Response:** The applicant anticipates that it will meet the standard of 884 Cases per year in the second year of operation.

2. Procedure Rooms

- a. A procedure room is available 250 days per year, 8 hours per day.

**Response:** The procedure room will be available 250 days per year, 8 hours per day.

- b. The estimated average time per outpatient Case in a procedure room is 30 minutes.

**Response:** The applicant anticipates that the average time per outpatient Case in a procedure room will be 30 minutes.

- c. The average time for cleanup and preparation between Procedure Room Cases is 15 minutes.

**Response:** The applicant anticipates that the average time for cleanup and preparation between procedure room Cases will be 15 minutes.

- d. The optimum utilization of a dedicated, outpatient, general-purpose outpatient Procedure Room is 70% of full capacity.  $70\% \times 250 \text{ days/year} \times 8 \text{ hours/day}$  divided by 45 minutes = 1,867 Cases per year.

**Response:** The applicant anticipates meeting the standard of 1,867 cases per year in year 3.

**Determination of Need**

1. Need. The minimum numbers of 884 Cases per Operating Room and 1,867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1,867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

**Response:** The applicant anticipates having 2 operating rooms and 1 procedure room in the ASTC. Once the ASTC is fully operational, the applicant anticipates that the ASTC will perform over 3,200 cases per year. The applicant anticipates that the average surgical case will take 1 hour and 30 minutes and the average procedural case such as a pain management epidural procedure takes 30 minutes. The room turnover for both types of cases is expected to take 15 minutes. The applicant anticipates initially performing orthopedic, spinal, and pain management procedures. The orthopedic and spinal procedures will be performed in an operating room and the pain management procedures will be performed in a procedure room. The pain management procedures are anticipated to take less time than the procedures performed in the operating rooms and for the sake of cost and efficiency, for both the ASTC and the patients, it is important to have a separate procedure room in which they can be performed.

The number of cases projected for the first year of operation is 1,230 surgical cases, and 755 pain management epidural procedures for a total of 1,985.

For the second year of operation, the applicant projects 1,993 surgical cases and 1,224 pain management epidural procedures for a total of 3,217.

Although the applicant anticipates that the amount of time its cases will take is longer than the current ASTC standard - 90 minutes as compared to 65 minutes, it also expects that its turnover between cases will be less - 15 minutes versus 30 minutes, so the amount of time per case including turnover time is the same as the ASTC standard.

According to the CON Guidelines, the optimal utilization for operating rooms is 884 cases per room and for procedure rooms it is 1,867 cases per room. With a projection of 1,993 cases for the 2 operating rooms in year 2, the applicant anticipates exceeding the guideline of 884 cases per room in the 2<sup>nd</sup> year of operation. For the procedure room, the applicant anticipates performing 1,224 procedures or approximately 66% of the Guideline, and anticipates that it will meet or exceed the Guideline in year 3 of operation..

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

**Response:** The applicant anticipates providing orthopedic, spinal and pain management procedures. In the first year of operation, the 1,985 projected cases are estimated to require 2,907 hours of surgical time. In the second year of operation, the 3,217 projected cases are estimated to require 4,712 hours of surgical time. These estimates are derived from the following assumptions: the average surgical case takes 1 hour 30 minutes, the average procedural case such as a pain management epidural procedure takes 30 minutes, and room turnover for each case takes 15 minutes.

### Projected Surgical Hours

	Year 1			Year 2		
	Cases	Time/Case	Total Hours	Cases	Time/Case	Total Hours
Projected Surgical Cases	1,230	1:30	1,845	1,993	1:30	2,990
Projected Pain Mgmt Cases	755	0:45	566	1,224	0:45	918
Total Cases	1,985	0:15	496	3,217	0:15	804
Total Time in Hours			2,907			4,712

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available ) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

**Response:** All of the existing multi-specialty ASTCs in Shelby County are either affiliated and limited to a particular physician practice, or part of another hospital system. There are no existing ASTCs in Bartlett. The only ASTC in the service area is North Surgery Center, which is located on the campus of Methodist North. Bartlett is the 12<sup>th</sup> largest city in the State of Tennessee and the 2<sup>nd</sup> largest city in Shelby County. According to the Memphis Chamber of Commerce, Bartlett is one of the fastest growing suburbs in Shelby County. Based on U.S. Census data, Bartlett's population grew by 6.7% between 2010 and 2014, whereas Shelby County as a whole grew by only 1.1% during the same period.

Saint Francis Hospital added the Surgery Center of Saint Francis on its campus about ten years ago, which was after most of the other hospitals in Shelby County had added ASTCs to their campuses. SFH-Bartlett has been open for 12 years, and at the request of some of its doctors, the applicant is applying for the Bartlett ASC, LLC. Certainly, this speaks to an orderly progression of the addition of outpatient surgical services. The cost for outpatient surgeries performed in an ASTC is generally less than the cost in an acute care hospital, which is a benefit for patients. In addition, outpatient surgeries performed in an ASTC are considered to be performed in a less restrictive setting, which is also a benefit, particularly for patients from the more rural areas, and elderly patients, who may have difficulty navigating a hospital campus.

As can be seen in the utilization in the tables below, for 2015, LeBonheur East Surgery Center II, Methodist Surgery Center Germantown and the Surgery Center at Saint Francis all operated at above the standard of 884 cases per operating room, with the Surgery Center at Saint Francis operating at 150% of capacity.

**Utilization of Operating and Procedure Rooms  
Shelby County 2015**

<b>Multispecialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms (OR)</b>	<b>Cases Performed in all ORs</b>	<b>Cases per OR</b>	<b>Procedure Rooms (PR)</b>	<b>Cases Performed in all PRs</b>	<b>Cases per PR</b>
Baptist Germantown Surgery Center	5	3,811	762	0	0	0
Campbell Clinic Surgery Center	4	3,483	871	1	3,769	3,769
Campbell Clinic Surgery Center Midtown	4	1,323	331	0	0	0
East Memphis Surgery Center	6	4,190	698	3	1,151	394
Le Bonheur East Surgery Center II	4	4,108	1,027	0	0	0
Memphis Surgery Center	4	2,652	663	1	0	0
Methodist Surgery Center Germantown	4	3,943	986	1	1,252	1,252
North Surgery Center	4	2,351	588	1	1,339	1,339
Semmes-Murphey Clinic	3	1,570	523	2	4,712	2,356
Surgery Center at Saint Francis	4	5,288	1,322	2	1,118	559
<b>Single-specialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms (OR)</b>	<b>Cases Performed in all ORs</b>	<b>Cases per OR</b>	<b>Procedure Rooms (PR)</b>	<b>Cases Performed in all PRs</b>	<b>Cases per PR</b>
Endoscopy Center of the Mid-South	0	0	0	1	2,022	2,022
Eye Care Surgery Center of Memphis	2	0	0	1	1,206	1,206
Germantown Ambulatory Surgical Center	1	106	106	0	0	0
GI Diagnostic and Therapeutic Center	0	0	0	6	15,128	2,521
Hamilton Eye Institute Surgery Center	3	3,527	1,176	2	545	273
Mays & Schnapp Pain Clinic & Rehabilitation Center	2	4,422	2,211	0	0	0
Memphis Center for Reproductive Health	0	0	0	2	2,124	1,062
Memphis Eye & Cataract Ambulatory Surgical Center	3	1,656	552	1	356	356
Memphis Gastroenterology Endoscopy Center	0	0	0	6	9,525	1,588
Mid-South Gastroenterology Group	0	0	0	3	7,506	2,502
Mid-South Interventional Pain Institute	0	0	0	2	2,728	1,364
Planned Parenthood Greater Memphis Region	0	0	0	2	3,311	1,656
Ridge Lake Ambulatory Surgery Center	2	4,493	2,247	4	2,448	612
Shea Clinic	2	2,263	1,132	0	0	0
Urocenter	3	3,648	1,216	0	0	0
Wesberry Surgery Center	1	1,500	1,500	0	0	0
Wolf River Surgery Center	4	2,749	687	2	2,480	1,240

Note: Minimum number of 884 cases per operating room and 1,867 per procedure room.

\* No 2015 Joint Annual Report

**Utilization of Operating and Procedure Rooms  
Shelby County 2014**

<b>Multispecialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms (OR)</b>	<b>Cases Performed in all ORs</b>	<b>Cases per OR</b>	<b>Procedure Rooms (PR)</b>	<b>Cases Performed in all PRs</b>	<b>Cases per PR</b>
Baptist Germantown Surgery Center	5	3,508	702	0	0	0
Campbell Clinic Surgery Center	4	3,089	772	1	4,264	4,264
Campbell Clinic Surgery Center Midtown	4	161	40	0	0	0
East Memphis Surgery Center	6	4,087	681	3	1,182	394
Le Bonheur East Surgery Center II	4	2,446	612	0	0	0
Memphis Surgery Center	4	2,730	683	1	131	131
Methodist Surgery Center Germantown	4	4,120	1,030	1	1,335	1,335
North Surgery Center	4	2,334	584	1	1,283	1,283
Semmes-Murphey Clinic	3	1,162	387	2	2,742	1,371
Surgery Center at Saint Francis	4	4,723	1,181	2	1,848	924
<b>Single-specialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms (OR)</b>	<b>Cases Performed in all ORs</b>	<b>Cases per OR</b>	<b>Procedure Rooms (PR)</b>	<b>Cases Performed in all PRs</b>	<b>Cases per PR</b>
Endoscopy Center of the Mid-South	0	0	0	1	2,226	2,226
Eye Care Surgery Center of Memphis	2	1,036	518	1	0	0
Germantown Ambulatory Surgical Center	1	113	113	0	0	0
GI Diagnostic and Therapeutic Center	0	0	0	6	16,230	2,705
Hamilton Eye Institute Surgery Center	3	3,334	1,111	2	474	237
Mays & Schnapp Pain Clinic & Rehabilitation Center	2	4,245	2,123	0	0	0
Memphis Eye & Cataract Ambulatory Surgical Center	4	2,097	524	0	0	0
Memphis Gastroenterology Endoscopy Center	0	0	0	6	9,613	1,602
Mid-South Gastroenterology Group	0	0	0	3	6,440	2,147
Mid-South Interventional Pain Institute	0	0	0	2	3,229	1,615
Radiosurgical Center	0	0	0	1	142	142
Ridge Lake Ambulatory Surgery Center	2	4,061	2,031	4	2,526	641
Shea Clinic	2	998	499	0	0	0
Urocenter	3	3,698	1,233	0	0	0
Wesberry Surgery Center	1	912	912	0	0	0
Wolf River Surgery Center	4	3,012	753	2	2,589	1,295

Note: Minimum number of 884 cases per operating room and 1,867 per procedure room.

**Utilization of Operating and Procedure Rooms  
Shelby County 2013**

<b>Multispecialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms (OR)</b>	<b>Cases Performed in all ORs</b>	<b>Cases per OR</b>	<b>Procedure Rooms (PR)</b>	<b>Cases Performed in all PRs</b>	<b>Cases per PR</b>
Baptist Germantown Surgery Center	5	8,932	1,786	0	0	0
Campbell Clinic Surgery Center	4	3,274	819	1	3,954	3,954
Campbell Clinic Surgery Center Midtown	4	895	224	0	0	0
East Memphis Surgery Center	6	4,315	719	3	1,147	382
Le Bonheur East Surgery Center II	4	2,391	598	0	0	0
Memphis Surgery Center	4	2,913	728	1	136	136
Methodist Surgery Center Germantown	4	4,201	1,050	1	1,371	1,371
North Surgery Center	4	2,257	564	1	1,273	1,273
Semmes-Murphey Clinic	3	882	294	2	2,631	1,316
Surgery Center at Saint Francis	4	3,767	942	2	2,374	1,187
<b>Single-specialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms</b>	<b>Cases Performed in all Operating Rooms</b>	<b>Cases per Room</b>	<b>Procedure Rooms</b>	<b>Cases Performed in all Procedure Rooms</b>	<b>Cases per Procedure Room</b>
Endoscopy Center of the Mid-South	0	0	0	1	2,570	2,570
Eye Care Surgery Center of Memphis	2	1,088	544	1	0	0
Germantown Ambulatory Surgical Center	1	115	115	1	0	0
GI Diagnostic and Therapeutic Center	0	0	0	6	21,838	3,640
Hamilton Eye Institute Surgery Center	3	2,799	933	2	557	279
Mays & Schnapp Pain Clinic & Rehabilitation Center	2	4,215	2,108	0	0	0
Memphis Eye & Cataract Ambulatory Surgical Center	3	2,225	742	0	0	0
Memphis Gastroenterology Endoscopy Center	0	0	0	6	9,359	1,560
Mid-South Gastroenterology Group	0	0	0	3	6,597	2,199
Mid-South Interventional Pain Institute	0	0	0	2	3,549	1,775
Radiosurgical Center	0	0	0	1	154	154
Ridge Lake Ambulatory Surgery Center	2	3,102	1,551	4	1,513	378
Shea Clinic	2	3,498	1,749	0	0	0
Urocenter	3	3,357	3,357	0	0	0
Wesberry Surgery Center	1	912	912	0	0	0
Wolf River Surgery Center	4	2,815	704	2	2,704	1,352

Note: Minimum number of 884 cases per operating room and 1,867 per procedure room.

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

**Response:** The Surgery Center at Saint Francis, located at 5999 Park Avenue, in front of Saint Francis Hospital, is owned by Saint Francis Surgery Center, LLC. The utilization at this surgery center for operating room surgical cases is the highest in Shelby County in 2015 at 1,181 cases per operating room. The applicant anticipates that a significant number of its outpatient surgical volume will come from the cases currently being performed at the Surgery Center of Saint Francis, partly because of the type of case it is and partly because of the patients who are receiving services reside closer to the proposed Bartlett ASC site than the Surgery Center at Saint Francis. The shift of some of the surgical volume from the Surgery Center at Saint Francis will help the Surgery Center at Saint Francis to better manage its volume and not need to seek expansion, which would be very costly.

It is important to look at the market of multi-specialty surgery centers in Shelby County and note their ownership or affiliation. They are all either affiliated and/or owned by a hospital in the area, or limited to a particular physician group. Please see the table below.

**Affiliations of ASTCs in Service Area**

	Affiliations
Baptist Germantown Surgery Center	Baptist Memorial Hospital
Campbell Clinic Surgery Center	Campbell Clinic Orthopaedics
Campbell Clinic Surgery Center Midtown	Campbell Clinic Orthopaedics
East Memphis Surgery Center	Baptist Memorial Hospital
Le Bonheur East Surgery Center II	Methodist Healthcare
Memphis Surgery Center	Baptist Memorial Hospital
Methodist Surgery Center Germantown	Methodist Healthcare
North Surgery Center	Methodist Healthcare
Semmes-Murphey Clinic	Semmes-Murphey Clinic Physicians
Surgery Center at Saint Francis	Saint Francis Hospital

The applicant anticipates that the proposed surgery center will have the greatest impact on Saint Francis Hospital, Saint Francis Surgery Center, and Saint Francis Hospital-Bartlett. The applicant anticipates that the proposed ASTC should have little to no impact on other area ASTCs. As is shown in the table above, all of the multispecialty ASTCs in Shelby County are either affiliated with an existing hospital or limited to a particular physician group, as in the case of Campbell Clinic and Semmes-Murphey. As the applicant anticipates that the majority of its projected cases are expected to come from utilization of the Tabor Orthopedics Group, which performs more of its cases at Saint Francis Hospital, Saint Francis Surgery Center, and Saint Francis Hospital-Bartlett, than at any other surgery center, it should have

relatively little impact on the ASTCs that are affiliated with other hospital systems in Shelby County.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

**Response:** Not applicable. The ASTC is not applying for a Specialty ASTC. The applicant anticipates that orthopedic, pain management, and spinal procedures will be performed at the proposed ASTC upon its approval. It is possible the applicant will want to expand these service offerings based on demand in the service area.

#### Other Standards and Criteria

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

**Response:** The majority of the population that is expected to receive services at this ASTC will be within 60 minutes driving time to the facility.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

**Response:** The proposed site is on Kate Bond Rd, one block off of Highway 64 in Bartlett, Tennessee. Memphis Area Transit Authority operates the Wolfchase bus route on Highway 64. The route provides regular daily service. This route connects with other bus service throughout the Memphis area. Due to patient discharge policies, however, bus and taxi access is not advisable. Patients generally arrive and leave via private automobile.

The location is very accessible by automobile. The proposed site is less than two miles off of Interstate 40. The location is between Highway 64 and Highway 79, both of which are major thoroughfares in Bartlett, providing easy access to the proposed site for the community.

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center

must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

**Response:**

**Bartlett ASC  
Service Area by Zip Code**

<b>Area ZIP Code</b>	<b>City</b>	<b>Current Population</b>
38134	Memphis	42,166
38002	Arlington	44,904
38135	Memphis	31,281
38016	Cordova	47,001
38133	Memphis	21,512
38128	Memphis	44,252
38053	Millington	28,522
38127	Memphis	44,267
38068	Somerville	10,631
38060	Oakland	10,015
38018	Cordova	37,082
38122	Memphis	25,362
38019	Covington	15,631
38004	Atoka	11,283
38058	Munford	10,649
38011	Brighton	9,522
38108	Memphis	18,452
38028	Eads	6,994
38023	Drummonds	5,416
38049	Mason	4,714
38111	Memphis	42,393
<b>TOTAL</b>		<b>512,049</b>

### Demographic Characteristics of Service Area by County

Demographic	Shelby County	Fayette County	Tennessee
Median Age – 2010 US Census	34.6	43.1	38.0
Age 65+ Population – 2016	116,834	8,731	1,091,516
% of Total Population	12.2%	19.6%	16.0%
Age 65+ Population – 2020	135,234	11,171	1,266,295
% of Total Population	13.8%	23.0%	17.8%
Median Household Income	\$46,213	\$55,623	\$44,621
TennCare Enrollees (4/16)	277,633	7,202	1,534,367
Percent of 2016 Population Enrolled in TennCare	28.9%	16.1%	22.5%
Persons Below Poverty Level (2016)	220,653	6,472	1,246,597
Persons Below Poverty Level as % of Population (US Census)	23.0%	14.5%	18.3%

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

**Response:**

#### Bartlett ASC Projected Utilization for First Eight Quarters

	Year 1	Year 2
1 <sup>st</sup> Quarter	171	804
2 <sup>nd</sup> Quarter	394	804
3 <sup>rd</sup> Quarter	631	804
4 <sup>th</sup> Quarter	789	805
<b>Total</b>	<b>1,985</b>	<b>3,217</b>

10. Patient Safety and Quality of Care: Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

**Response:** The applicant will seek accreditation through The Joint Commission.

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

**Response:** The applicant anticipates initially credentialing approximately 15 orthopedic surgeons and two pain management physicians. Additionally, adequate anesthesiologists and CRNAs will be credentialed to manage and administer anesthesia services to the facilities' patients. Generally, an ASTC of this size would require the credentialing of approximately ten anesthesia providers that would practice at the center on a rotating basis. The facility plans to contract with pathologists to provide professional laboratory services to the center. Additionally, the facility plans to contract with a radiologist to provide oversight to the center's radiological safety program.

The applicant anticipates having sufficient staff for the ASTC with RNs, surgical technologists and office staff.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

**Response:** While the proposed service area does not qualify as a medically underserved area, there is currently no ASTC in this service area, with the exception of North Surgery Center, which is located on the campus of Methodist North Hospital.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

**Response:** Not applicable.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

**Response:** The applicant will be contracted with all TennCare MCOs and will participate in the Medicare program.

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

**Response:** The applicant anticipates that the procedures to be performed in the procedure room will take on average 30 minutes.

## STATE HEALTH PLAN

Tennessee Code Annotated Section 68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/finance/healthplanning/>). The State Health Plan guides the state in the development of health care programs and policies and in the allocation of health care resources in the state, including the Certificate of Need program. The 5 Principles for Achieving Better Health form the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan. Each Principle is listed below with example questions to help the applicant in its thinking.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.
  - a. How will this proposal protect, promote, and improve the health of Tennesseans over time?

**Response:** The addition of an ASTC in one of the fastest growing areas of the state, when that is currently not an option for this area, will allow residents to receive necessary health care services in the least restrictive setting, making it easier and more convenient for residents which certainly promotes the health of those Tennesseans and may improve their health over time.

- b. What health outcomes will be impacted and how will the applicant measure improvement in health outcomes?

**Response:** USPI participates in a full compliance and quality program. They measure hundreds of instances for each patient because they feel it is important to know that they are organized to provide the highest quality, their patients received care that restored or maintained their health; and they provided care in the most efficient manner so that patients returned to home, school or work as quickly as possible. When breakdowns occur, USPI has the information and infrastructure to improve.

- c. How does the applicant intend to act upon available data to measure its contribution to improving health outcomes?

**Response:** Some of the metrics that USPI uses to evaluate quality include the following:

- % of cases, Surgical Safety Checklist Used
- % of Patients with a Perforation
- % of Patients that Received Antibiotics within One Hour
- % of Patients with Appropriate Hair Removal
- % Patients with VTE Risk Assessment
- % of Patients with VTE Prophylaxis
- Average Start Time - All
- Central Line Infection Numerator
- Death Within the Facility
- Falls
- Medication Variance
- Risk - Total Burns with Harm
- Surgical Site Infection
- Total Returns to Surgery for Removal of Foreign Body
- Wrong Site Incidents
- Non-Emergent Transfer before Treatment
- Non-Emergent Transfer after Treatment
- Emergent Transfer Prior to Treatment
- Emergent Transfer After Treatment
- All Transfers - ASC

2. Every citizen should have reasonable access to health care.

- a. How will this proposal improve access to health care? You may want to consider geographic, insurance, use of technology, and disparity issues (including income disparity), among others.

**Response:** Allowing citizens the option of an ASTC will improve access to outpatient surgical services. In addition, this proposed ASTC plans to contract with all payers, including private, TennCare and Medicare.

- b. How will this proposal improve information provided to patients and referring physicians?

**Response:** The entry into the market of a high quality, lower cost environment for outpatient surgical services will enable the referring physicians and the patients to have an additional alternative for outpatient surgical services.

- c. How does the applicant work to improve health literacy among its patient population, including communications between patients and providers?

**Response:** The physicians carefully screen prospective patients to ensure that they are appropriate candidates for outpatient surgery at an ASTC. Prior to surgery, patients receive a pre-op phone call from the ASTC. After the patients have surgery, they are provided with discharge instructions. There is also a follow-up call post-op to ensure that the patient's surgical recovery is going well. The pre-op and post-op calls are made by a nurse of the ASTC and patients have the opportunity to ask questions and receive answers. USPI tracks these calls at other centers and has an 80-90% contact rate for these calls. At a minimum, every patient is left a message and asked to call the nurse back.

3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.

- a. How will this proposal lower the cost of health care?

**Response:** The costs for outpatient surgical procedures in an ASTC are lower than those in a hospital. Currently many residents in the Bartlett area drive to the Surgery Center at Saint Francis, an ASTC alternative, that is not as convenient as the facility proposed, or receive surgery at Saint Francis Hospital or Saint Francis Hospital-Bartlett inpatient hospitals.

- b. How will this proposal encourage economic efficiencies?

**Response:** Because the cost of outpatient surgeries performed in an ASTC are less than the alternative of those performed in a hospital, economic efficiencies will be achieved for those patients who make the decision to have surgery in the proposed facility.

- c. What information will be made available to the community that will encourage a competitive market for health care services?

**Response:** Physician offices are generally in charge of scheduling the outpatient surgical services for their patients. They generally provide information to the patients as to their options for a facility to provide services. The approval of this ASTC will provide another option for patients and referring physicians.

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

- a. How will this proposal help health care providers adhere to professional standards?

**Response:** Some of the quality measures identified above, can be used to assist health care providers in providing services in accordance with the highest professional standards.

- b. How will this proposal encourage continued improvement in the quality of care provided by the health care workforce?

**Response:** Because the applicant measures and keeps track of the quality of care provided at the ASTC as identified above, improvement in the quality of care provided by the health care workforce will be achieved.

5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.\*

- a. How will this proposal provide employment opportunities for the health care workforce?

**Response:** The addition of a new ASTC will provide opportunities for employment for health care workers, including RNs, surgical technologists, and office staff.

- b. How will this proposal complement the existing Service Area workforce?

**Response:** Candidates are readily available from within the existing healthcare industry and the applicant's affiliated facilities. The center will utilize a number of channels to secure needed staff, including posting in on-line recruiting platforms and engaging recruiting firms. The applicant's affiliated facilities in Memphis have a history of successfully recruiting professional and administrative staff because they provide competitive compensation and benefits and are committed to the retention of existing personnel.

## NEED CONTINUED

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

**Response:** This proposal is consistent both with the applicant facilities long-range development plan as well as for Tenet, which is the controlling owner for USPI, as well as the ultimate parent for Saint Francis Hospital-Bartlett.. As such it is also consistent with the long-range plans of the two Tenet hospitals in Shelby County - Saint Francis Hospital and Saint Francis Hospital - Bartlett. Hospitals have to be competitive and provide services better, faster and cheaper. One way this is being carried out is for minimally invasive procedures to be moved out of the hospital setting to an ASTC, which is a lower cost provider.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the

of the facility will take into consideration the special needs of the service area population.

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**Response:** The Bartlett ASC, LLC anticipates being readily accessible to the service area population and will serve the elderly, women, racial and ethnic minorities, and low income groups.

#### Demographic Characteristics of Service Area by County

Demographic	Shelby County	Fayette County	Tennessee
Median Age – 2010 US Census	34.6	43.1	38.0
Age 65+ Population – 2016	116,834	8,731	1,091,516
% of Total Population	12.2%	19.6%	16.0%
Age 65+ Population – 2020	135,234	11,171	1,266,295
% of Total Population	13.8%	23.0%	17.8%
Median Household Income	\$46,213	\$55,623	\$44,621
TennCare Enrollees (4/16)	276,265	7,202	1,525,548
Percent of 2016 Population Enrolled in TennCare	28.8%	16.1%	22.4%
Persons Below Poverty Level (2016)	220,653	6,472	1,246,597
Persons Below Poverty Level as % of Population (US Census)	23.0%	14.5%	18.3%

- Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**Response:** There are no ASTCs existing in Bartlett, nor are there any that have been approved but are unimplemented. Bartlett is the 12<sup>th</sup> largest city in the State of Tennessee and the 2<sup>nd</sup> largest city in Shelby County. According to the Memphis Chamber of Commerce, Bartlett is one of the fastest growing suburbs in Shelby County. Based on U.S. Census data, Bartlett's population grew by 6.7% between 2010 and 2014, whereas Shelby County as a whole grew by only 1.1% during the same period. The only ASTC in the entire service area is North Surgery Center, located on the campus of Methodist North Hospital.

**Utilization of Operating and Procedure Rooms  
Shelby County 2015**

<b>Multispecialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms (OR)</b>	<b>Cases Performed in all ORs</b>	<b>Cases per OR</b>	<b>Procedure Rooms (PR)</b>	<b>Cases Performed in all PRs</b>	<b>Cases per PR</b>
Baptist Germantown Surgery Center	5	3,811	762	0	0	0
Campbell Clinic Surgery Center	4	3,483	871	1	3,769	3,769
Campbell Clinic Surgery Center Midtown	4	1,323	331	0	0	0
East Memphis Surgery Center	6	4,190	698	3	1,151	394
Le Bonheur East Surgery Center II	4	4,108	1,027	0	0	0
Memphis Surgery Center	4	2,652	663	1	0	0
Methodist Surgery Center Germantown	4	3,943	986	1	1,252	1,252
North Surgery Center	4	2,351	588	1	1,339	1,339
Semmes-Murphey Clinic	3	1,570	523	2	4,712	2,356
Surgery Center at Saint Francis	4	5,288	1,322	2	1,118	559
<b>Single-specialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms (OR)</b>	<b>Cases Performed in all ORs</b>	<b>Cases per OR</b>	<b>Procedure Rooms (PR)</b>	<b>Cases Performed in all PRs</b>	<b>Cases per PR</b>
Endoscopy Center of the Mid-South	0	0	0	1	2,022	2,022
Eye Care Surgery Center of Memphis	2	0	0	1	1,206	1,206
Germantown Ambulatory Surgical Center	1	106	106	0	0	0
GI Diagnostic and Therapeutic Center	0	0	0	6	15,128	2,521
Hamilton Eye Institute Surgery Center	3	3,527	1,176	2	545	273
Mays & Schnapp Pain Clinic & Rehabilitation Center	2	4,422	2,211	0	0	0
Memphis Center for Reproductive Health	0	0	0	2	2,124	1,062
Memphis Eye & Cataract Ambulatory Surgical Center	3	1,656	552	1	356	356
Memphis Gastroenterology Endoscopy Center	0	0	0	6	9,525	1,588
Mid-South Gastroenterology Group	0	0	0	3	7,506	2,502
Mid-South Interventional Pain Institute	0	0	0	2	2,728	1,364
Planned Parenthood Greater Memphis Region	0	0	0	2	3,311	1,656
Ridge Lake Ambulatory Surgery Center	2	4,493	2,247	4	2,448	612
Shea Clinic	2	2,263	1,132	0	0	0
Urocenter	3	3,648	1,216	0	0	0
Wesberry Surgery Center	1	1,500	1,500	0	0	0
Wolf River Surgery Center	4	2,749	687	2	2,480	1,240

Note: Minimum number of 884 cases per operating room and 1,867 per procedure room.

**Utilization of Operating and Procedure Rooms  
Shelby County 2014**

<b>Multispecialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms (OR)</b>	<b>Cases Performed in all ORs</b>	<b>Cases per OR</b>	<b>Procedure Rooms (PR)</b>	<b>Cases Performed in all PRs</b>	<b>Cases per PR</b>
Baptist Germantown Surgery Center	5	3,508	702	0	0	0
Campbell Clinic Surgery Center	4	3,089	772	1	4,264	4,264
Campbell Clinic Surgery Center Midtown	4	161	40	0	0	0
East Memphis Surgery Center	6	4,087	681	3	1,182	394
Le Bonheur East Surgery Center II	4	2,446	612	0	0	0
Memphis Surgery Center	4	2,730	683	1	131	131
Methodist Surgery Center Germantown	4	4,120	1,030	1	1,335	1,335
North Surgery Center	4	2,334	584	1	1,283	1,283
Semmes-Murphey Clinic	3	1,162	387	2	2,742	1,371
Surgery Center at Saint Francis	4	4,723	1,181	2	1,848	924
<b>Single-specialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms (OR)</b>	<b>Cases Performed in all ORs</b>	<b>Cases per OR</b>	<b>Procedure Rooms (PR)</b>	<b>Cases Performed in all PRs</b>	<b>Cases per PR</b>
Endoscopy Center of the Mid-South	0	0	0	1	2,226	2,226
Eye Care Surgery Center of Memphis	2	1,036	518	1	0	0
Germantown Ambulatory Surgical Center	1	113	113	0	0	0
GI Diagnostic and Therapeutic Center	0	0	0	6	16,230	2,705
Hamilton Eye Institute Surgery Center	3	3,334	1,111	2	474	237
Mays & Schnapp Pain Clinic & Rehabilitation Center	2	4,245	2,123	0	0	0
Memphis Eye & Cataract Ambulatory Surgical Center	4	2,097	524	0	0	0
Memphis Gastroenterology Endoscopy Center	0	0	0	6	9,613	1,602
Mid-South Gastroenterology Group	0	0	0	3	6,440	2,147
Mid-South Interventional Pain Institute	0	0	0	2	3,229	1,615
Radiosurgical Center	0	0	0	1	142	142
Ridge Lake Ambulatory Surgery Center	2	4,061	2,031	4	2,526	641
Shea Clinic	2	998	499	0	0	0
Urocenter	3	3,698	1,233	0	0	0
Wesberry Surgery Center	1	912	912	0	0	0
Wolf River Surgery Center	4	3,012	753	2	2,589	1,295

Note: Minimum number of 884 cases per operating room and 1,867 per procedure room.

**Utilization of Operating and Procedure Rooms  
Shelby County 2013**

<b>Multispecialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms (OR)</b>	<b>Cases Performed in all ORs</b>	<b>Cases per OR</b>	<b>Procedure Rooms (PR)</b>	<b>Cases Performed in all PRs</b>	<b>Cases per PR</b>
Baptist Germantown Surgery Center	5	8,932	1,786	0	0	0
Campbell Clinic Surgery Center	4	3,274	819	1	3,954	3,954
Campbell Clinic Surgery Center Midtown	4	895	224	0	0	0
East Memphis Surgery Center	6	4,315	719	3	1,147	382
Le Bonheur East Surgery Center II	4	2,391	598	0	0	0
Memphis Surgery Center	4	2,913	728	1	136	136
Methodist Surgery Center Germantown	4	4,201	1,050	1	1,371	1,371
North Surgery Center	4	2,257	564	1	1,273	1,273
Semmes-Murphey Clinic	3	882	294	2	2,631	1,316
Surgery Center at Saint Francis	4	3,767	942	2	2,374	1,187
<b>Single-specialty Ambulatory Surgical Treatment Centers</b>						
	<b>Operating Rooms</b>	<b>Cases Performed in all Operating Rooms</b>	<b>Cases per Room</b>	<b>Procedure Rooms</b>	<b>Cases Performed in all Procedure Rooms</b>	<b>Cases per Procedure Room</b>
Endoscopy Center of the Mid-South	0	0	0	1	2,570	2,570
Eye Care Surgery Center of Memphis	2	1,088	544	1	0	0
Germantown Ambulatory Surgical Center	1	115	115	1	0	0
GI Diagnostic and Therapeutic Center	0	0	0	6	21,838	3,640
Hamilton Eye Institute Surgery Center	3	2,799	933	2	557	279
Mays & Schnapp Pain Clinic & Rehabilitation Center	2	4,215	2,108	0	0	0
Memphis Eye & Cataract Ambulatory Surgical Center	3	2,225	742	0	0	0
Memphis Gastroenterology Endoscopy Center	0	0	0	6	9,359	1,560
Mid-South Gastroenterology Group	0	0	0	3	6,597	2,199
Mid-South Interventional Pain Institute	0	0	0	2	3,549	1,775
Radiosurgical Center	0	0	0	1	154	154
Ridge Lake Ambulatory Surgery Center	2	3,102	1,551	4	1,513	378
Shea Clinic	2	3,498	1,749	0	0	0
Urocenter	3	3,357	3,357	0	0	0
Wesberry Surgery Center	1	912	912	0	0	0
Wolf River Surgery Center	4	2,815	704	2	2,704	1,352

Note: Minimum number of 884 cases per operating room and 1,867 per procedure room.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**Response:** Please see the projected annual utilization for each of the two (2) years following completion of the project in the chart below.

**Projected Annual Utilization**

Specialty	Percentage of Cases	Year 1	Year 2
ACDF (Anterior Cervical Discectomy and Fusion)	2%	31	51
Lumbar	3%	63	102
UniCompartmental Knee Replacements	1%	13	20
Orthopedics	56%	1,122	1,820
Pain Management	38%	755	1,224
<b>Total</b>	100%	1,985	3,217

## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
  - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
  - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
  - For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

**Response:** Please see the project costs chart on the following page. The building will be developed and built by a developer and then leased to the applicant to use as a surgery center.

## PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:	
1.	Architectural and Engineering Fees	_____
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees, Development Fee	\$ 200,000.00
3.	Acquisition of Site	_____
4.	Preparation of Site	_____
5.	Construction Costs	_____
6.	Contingency Fund	_____
7.	Fixed Equipment (Not included in Construction Contract)	_____
8.	Moveable Equipment (List all equipment over \$50,000)	\$ 3,002,412.00
9.	Other (Specify) <u>Tenant Improvements</u>	\$ 2,901,353.00
10.	Pre-Opening Expenses	\$ 378,755.00
B.	Acquisition by gift, donation, or lease:	
1.	Facility (inclusive of building and land)	\$ 2,683,250.00
2.	Building only	_____
3.	Land only	_____
4.	Equipment (Specify) _____	_____
5.	Other (Specify) _____	_____
C.	Financing Costs and Fees:	
1.	Interim Financing	_____
2.	Underwriting Costs	_____
3.	Reserve for One Year's Debt Service	_____
4.	Other (Specify) <u>Working Capital</u>	\$ 650,000.00
D.	Estimated Project Cost (A+B+C)	\$ 9,815,770.00
E.	CON Filing Fee	\$ 22,085.48
F.	Total Estimated Project Cost (D+E)	TOTAL <u>\$ 9,837,855.48</u>

for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

**Response:** Since this is a new project there is no historical information. Please see Projected Data Chart for the applicant.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge:

**Response:** The applicant projects that the average gross charge for the first year of operation is \$2,723.04, and \$2,470.80 for the second year of operation. The revenue for outpatient services has already taken into consideration contractual adjustments and charity care. The only deduction that the applicant tracks separately is bad debt. The reason the gross charge is higher in the first year is because the applicant will not be credentialed with all payers on day one and there will be a ramp-up period, during which time the applicant will be considered out-of-network and will actually receive a higher reimbursement amount even though its volume is lower.

## HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in \_\_\_\_\_ (Month).

**Response:** Not applicable.

	Year _____	Year _____	Year _____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
<b>Total Deductions</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
D. Operating Expenses			
1. Salaries and Wages	\$ _____	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses – Specify on separate page 12	_____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
E. Other Revenue (Expenses) – Net (Specify) _____	\$ _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
<b>Total Capital Expenditures</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

**PROJECTED DATA CHART**

**May 26, 2016**

**8:14 am**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	<b>Year <u>2017</u></b>	<b>Year <u>2018</u></b>
A. Utilization Data (Cases)	1,985	3,217
B. Revenue from Services to Patients		
1. Inpatient Services	\$ -	\$ -
2. Outpatient Services	6,378,033	9,341,653
3. Emergency Services	-	-
4. Other Operating Revenue (Specify) _____	-	-
<b>Gross Operating Revenue</b>	<b>\$ 6,378,033</b>	<b>\$ 9,341,653</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 750,632	\$ 1,065,270
2. Provision for Charity Care	55,000	82,000
3. Provisions for Bad Debt	167,172	245,831
<b>Total Deductions</b>	<b>\$ 972,804</b>	<b>\$ 1,393,101</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 5,405,229</b>	<b>\$ 7,948,552</b>
D. Operating Expenses		
1. Salaries and Wages	\$ 1,061,361	\$ 1,352,415
2. Physician's Salaries and Wages	-	-
3. Supplies	1,395,618	2,330,441
4. Taxes	164,469	164,469
5. Depreciation	842,024	852,024
6. Rent	387,964	387,964
7. Interest, other than Capital	-	-
8. Management Fees:		
a. Fees to Affiliates	351,340	516,656
b. Fees to Non-Affiliates	-	-
9. Other Expenses – Specify on separate page 38	879,815	855,243
<b>Total Operating Expenses</b>	<b>\$ 5,082,591</b>	<b>\$ 6,593,264</b>
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ -	\$ -
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 322,638</b>	<b>\$ 1,355,288</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ 347,035	\$ 366,611
2. Interest	163,627	144,052
<b>Total Capital Expenditures</b>	<b>\$ 510,662</b>	<b>\$ 510,663</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ (188,024)</b>	<b>\$ 844,625</b>
<b>LESS CAPITAL EXPENDITURES</b>		

**May 26, 2016**

**8:14 am**

**HISTORICAL DATA CHART-OTHER EXPENSES**

**OTHER EXPENSES CATEGORIES**

	Year_____	Year_____	Year_____
1.	\$ _____	\$ _____	\$ _____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
<b>Total Other Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

**PROJECTED DATA CHART-OTHER EXPENSES**

**OTHER EXPENSES CATEGORIES**

	Year <u>2017</u>	Year <u>2018</u>
1. Repairs and Maintenance	\$ 186,000	\$ 204,600
2. Purchased Services	200,000	206,000
3. Minor Equipment	50,000	51,250
4. Utilities	135,000	138,375
5. Non-Medical Supplies and Expenses	225,000	153,750
6. Professional Fees	50,000	51,250
7. Sales Expense	10,000	10,250
8. Insurance	23,815	39,768
<b>Total Other Expenses</b>	<b>\$ 879,815</b>	<b>\$ 855,243</b>

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

**Response:** The charge schedule for the most commonly anticipated procedures at the proposed ASTC is included as Attachment C, Economic Feasibility-6A. The applicant has projected revenue of \$4.7M in its first year of operations. Since this is a new ASTC, there is no impact on existing patient charges. The rates for outpatient surgical procedures performed at an ASTC are generally lower than those performed in an acute care hospital.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**Response:** Please see Attachment C, Economic Feasibility-6B for a copy of the Medicare charge schedule for the most commonly anticipated procedures.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

**Response:** The applicant anticipates having a positive net operating income in year 2.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

**Response:** The applicant anticipates having a slightly negative net operating income in year 1, which will be taken care of from cash reserves of the ultimate parent company, Tenet. The applicant anticipates having a positive net operating income in year 2.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

**Response:** The center will participate in the Medicare program. The center will participate in the TennCare program and expects to contract with the West Tennessee TennCare Managed Care Organizations: AmeriGroup, BlueCare, United Healthcare Community Plan, and TennCare Select. The applicant anticipates that 12% of the revenues, or \$668,688.12, will be from Medicare and 1%, or \$81,943.83, will be from TennCare.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

**Response:** Since this is a new project, there is no existing balance sheet or income statement for the applicant. The majority owner of USPI is Tenet. Please see a copy of the financial information for Tenet included as Attachment C, Economic Feasibility-10.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

**Response:** There are no viable alternatives to the provision of these necessary health care services other than the proposed facility. All of the existing multi-specialty ASTCs in Shelby County are either affiliated and limited to a particular physician practice, or part of another hospital system. There are no existing ASTCs in Bartlett. The only ASTC in the service area is North Surgery Center, which is located on the campus of Methodist North. Bartlett is the 12<sup>th</sup> largest city in the State of Tennessee and the 2<sup>nd</sup> largest city in Shelby County. According to the Memphis Chamber of Commerce, Bartlett is one of the fastest growing suburbs in Shelby County. Based on U.S. Census data, Bartlett's population grew by 6.7% between 2010 and 2014, whereas Shelby County as a whole grew by only 1.1% during the same period.

The applicant is seeking to provide the services in the most cost effective manner, by leasing space that will be developed and built by a developer group. The developer is ValFund.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

**Response:** There is no existing ASTC in the Bartlett service area other than North Surgery Center, which is on the campus of Methodist North Hospital and no suitable space that would suit the facility as well as the one proposed. The developer group is planning to build an MOB adjacent to the site for the ASTC. The proposed facility is less than a mile from Saint Francis Hospital-Bartlett.

## CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

**Response:** The surgery center will be affiliated with St. Francis Hospital - Bartlett. The surgery center expects to contract with all predominate managed care insurers in the market including Blue Cross of Tennessee, United Healthcare, Cigna, and AETNA. The center will participate in the Medicare program and contract with Medicare Advantage Plans. The center will participate in the TennCare program and expects to contract with the West Tennessee TennCare Managed Care Organizations: AmeriGroup, BlueCare,

United Healthcare Community Plan, and TennCare Select. The applicant anticipates having transfer agreements with both Saint Francis Hospital and Saint Francis Hospital-Bartlett.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

**Response:** There are only positive effects as a result of this proposal. The shift of outpatient procedures to a more convenient location will help alleviate the crowding at the Surgery Center of Saint Francis. The facilities whose utilization rates are expected to decrease are all Tenet facilities, so it is simply a shift of utilization between related entities. There is no duplication of services because there is currently no ASTC in the service area, with the exception of North Surgery Center, which is on the campus of Methodist North.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

**Response:** The center will operate with 18.0 FTEs, 14.0 of which are clinical positions. Candidates are readily available from within the existing healthcare industry and our affiliated facilities. The center will utilize a number of channels to secure needed staff, including posting in on-line recruiting platforms and engaging recruiting firms. Our affiliated facilities in Memphis have a history of successfully recruiting professional and administrative staff because they provide competitive compensation and benefits and are committed to the retention of existing personnel.

The following table summarizes proposed hourly wages for primary positions at the center compared to the area average.

Position	Projected Average Compensation at Center	Median in Memphis MSA
RN	\$30.00	\$28.32
Surgical Technologists	\$25.00	\$18.43
Office	\$17.33	-

Source: Tennessee Department of Labor & Workforce Development website.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

**Response:** Candidates are readily available from within the existing healthcare industry and our affiliated facilities. The center will utilize a number of channels to secure needed staff, including posting in on-line recruiting platforms and engaging recruiting firms. The applicant's affiliated facilities in Memphis have a history of successfully recruiting

professional and administrative staff because they provide competitive compensation and benefits and are committed to the retention of existing personnel.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

**Response:** The applicant is familiar with all licensing requirements required by the State of Tennessee for medical/clinical staff.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

**Response:** The applicant does not plan to participate in the training of students; ASTCs do not generally participate in such training.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

**Response:** The applicant has reviewed and understands the licensure requirements of the Department of Health as well as any applicable Medicare requirements.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure:

**Response:** The applicant will be licensed by the Tennessee Department of Health, Board for Licensing Health Care Facilities.

Accreditation:

**Response:** The applicant plans to seek accreditation from The Joint Commission.

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

**Response:** Not applicable.

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

**Response:** Not applicable.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

**Response:** Not applicable.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

**Response:** Not applicable.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

**Response:** The applicant will provide the Tennessee HSDA relevant information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

**Response:** Please see attached confirming that publication occurred in *The Commercial Appeal* on Tuesday, May 10, 2016.

## DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

**Response:** The applicant anticipates completing the project within the required two year time period.

Form HF0004  
Revised 02/01/06  
Previous Forms are obsolete

**May 26, 2016****PROJECT COMPLETION FORECAST CHART****8:14 am**

Enter the Agency projected Initial Decision date, as published in TCA § 68-11-1609(c): August 24, 2016

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

<b>Phase</b>		<b><u>DAYS REQUIRED</u></b>	<b><u>Anticipated Date (MONTH/YEAR)</u></b>
1.	Architectural and engineering contract signed	<u>21</u>	<u>9/16</u>
2.	Construction documents approved by the Tennessee Department of Health	<u>65</u>	<u>12/16</u>
3.	Construction contract signed	<u>14</u>	<u>12/16 – 1/17</u>
4.	Building permit secured	<u>14</u>	<u>12/16</u>
5.	Site preparation completed	<u>30</u>	<u>1/17</u>
6.	Building construction commenced	<u>30</u>	<u>1/17</u>
7.	Construction 40% complete	<u>90</u>	<u>4/17</u>
8.	Construction 80% complete	<u>180</u>	<u>7/17</u>
9.	Construction 100% complete (approved for occupancy)	<u>224</u>	<u>9/17</u>
10.	*Issuance of license	<u>15</u>	<u>10/17</u>
11.	*Initiation of service	<u>0</u>	<u>10/17</u>
12.	Final Architectural Certification of Payment	<u>30</u>	<u>11/17</u>
13.	Final Project Report Form (HF0055)	<u>0</u>	<u>11/17</u>

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

**Note:** If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

Affidavit

I, Lucretia Albert do hereby make oath that I am the custodian of the electronic version of the attached document tendered for registration herewith and that this is a true and correct copy of the original document executed and authenticated according to law.

Lucretia Albert  
Signature

State of Tennessee

County of Davidson

Personally appeared before me, Ruth F. Arnold, a notary public for this county and state, Lucretia Albert, who acknowledges that this certification of an electronic document is true and correct and whose signature I have witnessed.

Ruth F. Arnold  
Notary signature

My Commission Expires: August 20, 2019

Notary Seal:



**Attachment B, Project Description-I**

**Executive Summary**

## USPI Surgery Centers

### **Baptist Ambulatory Surgery Center**

312 21<sup>st</sup> Avenue North  
Suite 200, Creekside Crossing 111  
Nashville, TN 37236-0000  
Phone: (615) 321-7330  
Fax: (615) 320-5319

### **Baptist Plaza Surgicare**

2011 Church Street, Plaza I, Lower Level  
Lower Level Dock E, 21<sup>st</sup> Avenue  
Nashville, TN 37236  
Phone: (615) 515-4000  
Fax: (615) 515-4053

### **Chattanooga Pain Center**

1016 Executive Drive  
Hixson, TN 37343  
Phone: (423) 648-4525  
Fax: (423) 648-4626

### **Clarksville Surgery Center**

793 Weatherly Drive  
Clarksville, TN 37043  
Phone: (931) 542-2915  
Fax: (931) 648-1816

### **Eye Surgery Center of Nashville**

310 25<sup>th</sup> Avenue N. Suite 105  
Nashville, TN 37203  
Phone: (615) 329-9023  
Fax: (615) 329-1665

### **Franklin Endoscopy Center**

740 Cool Springs Blvd  
Ste. 210B  
Franklin, TN 37067-6450  
Phone: (615) 550-6066  
Fax: (615) 550-6069

### **Lebanon Endoscopy Center**

100 Physicians Way, Suite 340  
Lebanon, TN 37090  
Phone: (615) 466-9532  
Fax: (615) 466-9536

### **Middle Tennessee Ambulatory Surgery Center**

1800 Medical Center Parkway  
Suite 120  
Murfreesboro, TN 37129  
Phone: (615) 849-7500  
Fax: (615) 907-4020

### **Mid-State Endoscopy Center**

1115 Dow Street, Suite A  
Murfreesboro, TN 37130-2443  
Phone: (615) 848-9234  
Fax: (615) 893-3188

### **Mountain Empire Surgery Center**

601 Med Tech Parkway  
Suite 270  
Johnson City, TN 37604  
Phone: (423) 610-1020  
Fax: (423) 610-1021

### **Nashville EndoSurgery Center**

300 20<sup>th</sup> Avenue North  
Nashville, TN 37203  
Phone: (615) 284-1335  
Fax: (615) 284-1316

### **Northridge Surgery Center**

647 Myatt Drive  
Madison, TN 37115  
Phone: (615) 868-8942  
Fax: (615) 860-3820

### **Parkwest Surgery Center**

9430 Parkwest Boulevard  
Suite 210  
Knoxville, TN 37923  
Phone: (865) 531-0494  
Fax: (865) 531-0554

### **Patient Partners Surgery Center**

890 North Blue Jay Way  
Gallatin, TN 37066  
Phone: (615) 575-9000  
Fax: (615) 575-9007

**Physicians Pavilion Surgery Center**

545 Stonecrest Parkway  
Smyrna, TN 37167  
Phone: (615) 220-3720  
Fax: (615) 459-9483

**Physician's Surgery Center of Chattanooga**

924 Spring Creek Road  
Chattanooga, TN 37412  
Phone: (423) 899-1600  
Fax: (423) 899-2171

**Physician's Surgery Center of Knoxville**

1819 Clinch Avenue  
Suite 206  
Knoxville, TN 37916-2435  
Phone: (865) 522-2949  
Fax: (865) 637-3259

**Providence Surgery Center**

5002 Crossing Circle, Suite 110  
Mt. Juliet, TN 37122  
Phone: (615) 553-9100  
Fax: (615) 553-9109

**Saint Francis Surgery Center**

5999 Park Avenue  
Memphis, TN 38119

**Saint Thomas Surgicare**

4230 Harding Pike Road  
Medical Plaza East  
Suite 300  
Nashville, TN 37205  
Phone: (615) 783-1260  
Fax: (615) 783-1261

**The Hospital for Spinal Surgery**

2011 Murphy Ave  
Suite 200, Creekside Crossing 111  
Nashville, TN 37203  
Phone: (615) 341-7500  
Fax: (615) 341-7513

**Tullahoma Surgery Center**

725 Kings Lane  
Tullahoma, TN 37388  
Phone: (931) 455-1976  
Fax: (931) 455-7122

**Upper Cumberland Physician Surgery Center**

467 North Whitney Avenue  
Cookeville, TN 38501  
Phone: (931) 528-5007  
Fax: (931) 528-5030

## **Attachment B, Project Description, III.A-4**

### **Plot Plan**

Not For  
Construction  
For  
Review Only

15320

REVISION DATE DESCRIPTION

PROJECT TITLE

Tabor  
Orthopedics  
North

Bartlett, TN

Site Plan

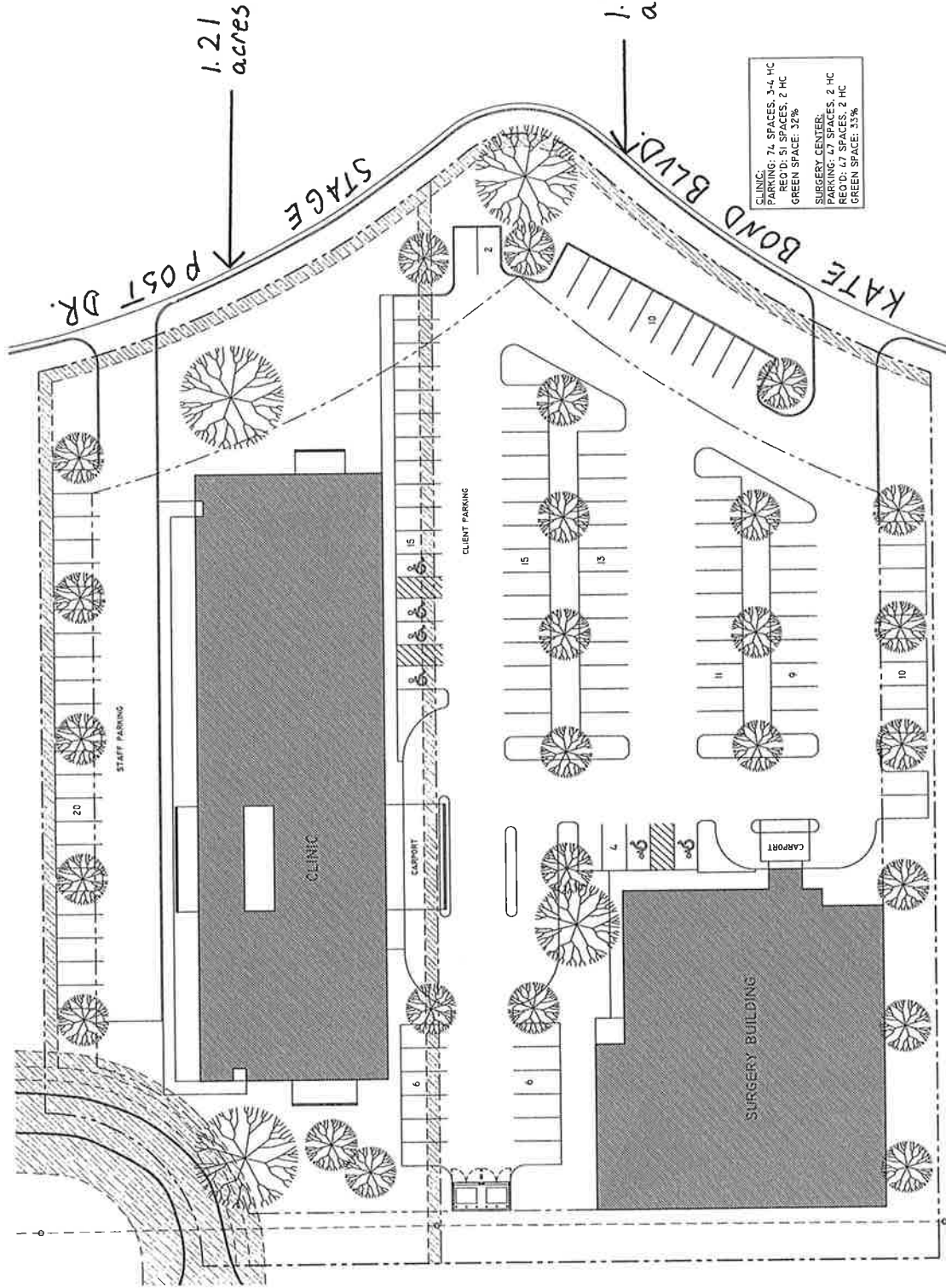
May 26, 2016  
8:14 am

09 MAY '16

PD

A0.1

SUPPLEMENTAL #1

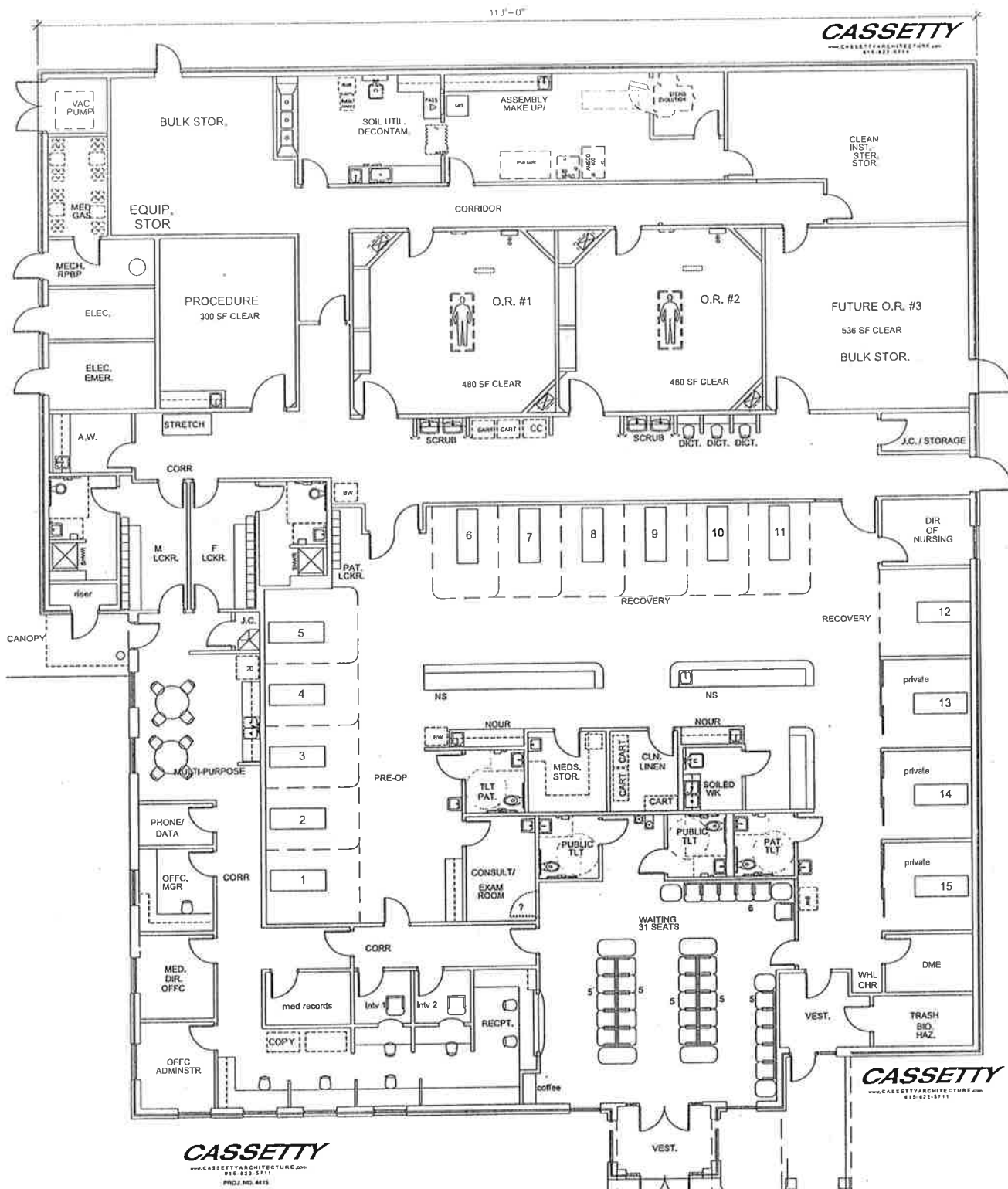


Total acres: 2.91

P1 Site Plan  
DATE: 05/26/16

# **Attachment B, Project Description, IV**

## **Floor Plan**



ORTHO-total jt/spine  
2 OR. 1 TREATMENT  
(+FUTURE OR)

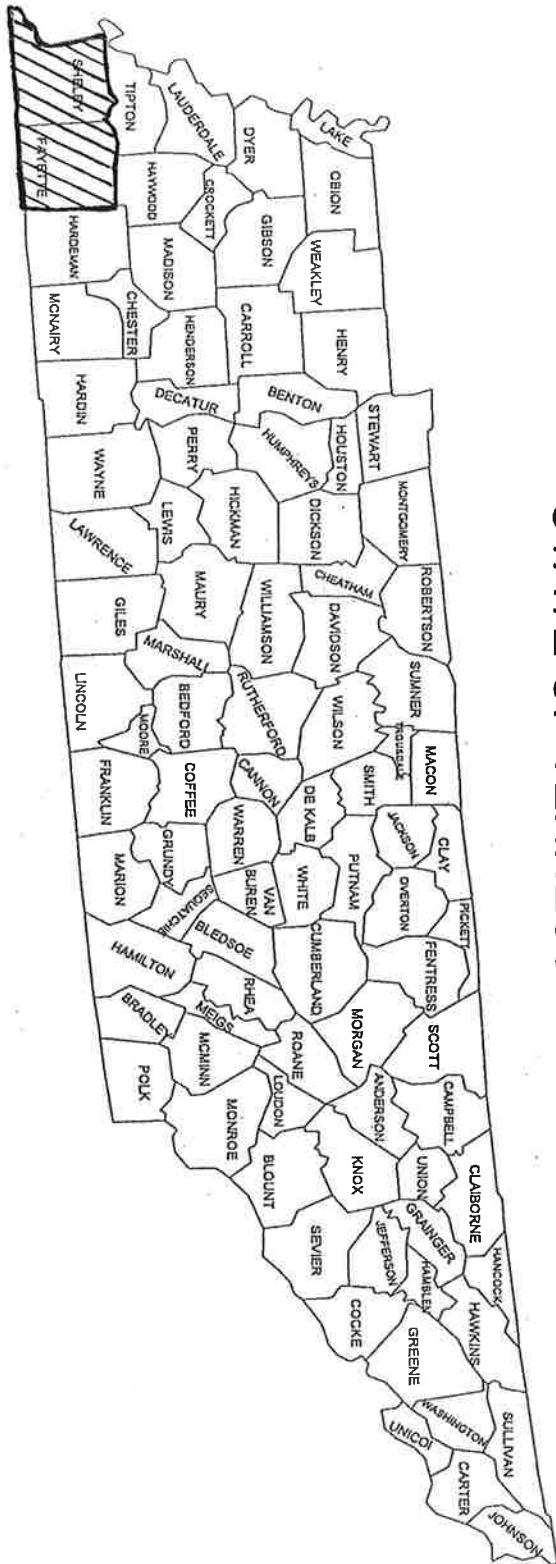
BARTLETT, TN

13,500 SF GROSS  
FEB 23, 2016

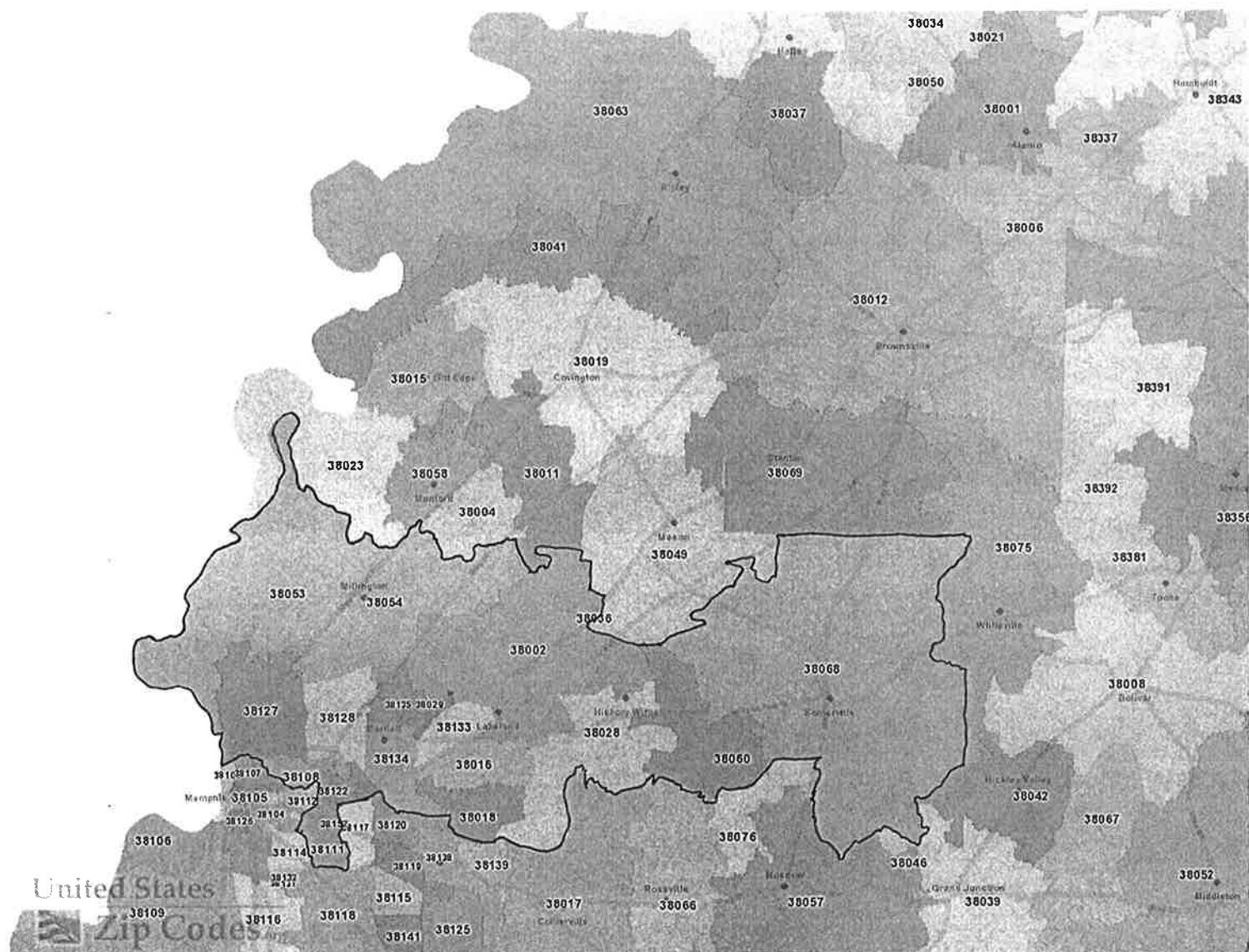
## **Attachment C, Need 3**

**Map of Service Area by County**  
**Map of Service Area by Zip Code**

# STATE OF TENNESSEE



PROPOSED SERVICE AREA



## **Attachment C, Economic Feasibility – 6A**

### **Fee Schedule**

# Most Common Procedures with Fees

CPT Code	Description	Std Fee	Fee
29826	ARTHROSCOPY, SHOULDER, SURGICAL: DECOMPRESSION OF SUBACROMIAL SPACE WITH PARTIAL ACROMIOPLASTY, WITH OR WITHOUT CORACOACROMIAL RELEASE	7,031.00	7,031.00
29824	ARTHROSCOPY, SHOULDER, SURGICAL: DISTAL CLAVICULECTOMY INCLUDING DISTAL ARTICULAR SURFACE (MUMFORD PROCEDURE)	7,031.00	7,031.00
29881	ARTHROSCOPY, KNEE, SURGICAL: WITH MENISCECTOMY (MEDIAL OR LATERAL, INCLUDING ANY MENISCAL SHAVING)	4,784.00	4,784.00
29827	ARTHROSCOPY, SHOULDER, SURGICAL: WITH ROTATOR CUFF REPAIR	7,031.00	7,031.00
62311	INJECTION, SINGLE (NOT VIA INDWELLING CATHETER), NOT INCLUDING NEUROLYTIC SUBSTANCES, WITH OR WITHOUT CONTRAST (FOR EITHER LOCALIZATION OR EPIDUROGRAPHY), OF DIAGNOSTIC OR THERAPEUTIC SUBSTANCE(S) (INCLUDING ANESTHETIC, ANTISPASMODIC, OPIOID, STEROID, OTH	2,008.00	2,008.00
64493	INJECTION(S), DIAGNOSTIC OR THERAPEUTIC AGENT, PARAVERTEBRAL FACET (ZYGAPOPHYSEAL) JOINT (OR NERVES INNERVATING THAT JOINT) WITH IMAGE GUIDANCE (FLUOROSCOPY OR CT), LUMBAR OR SACRAL: SINGLE LEVEL	2,008.00	2,008.00
29888	ARTHROSCOPICALLY AIDED ANTERIOR CRUCIATE LIGAMENT REPAIR/AUGMENTATION OR RECONSTRUCTION	9,835.75	9,835.75
29880	ARTHROSCOPY, KNEE, SURGICAL: WITH MENISCECTOMY (MEDIAL AND LATERAL, INCLUDING ANY MENISCAL SHAVING)	4,784.00	4,784.00
29806	ARTHROSCOPY, SHOULDER, SURGICAL: CAPSULORRHAPHY	7,031.00	7,031.00
64494	INJECTION(S), DIAGNOSTIC OR THERAPEUTIC AGENT, PARAVERTEBRAL FACET (ZYGAPOPHYSEAL) JOINT (OR NERVES INNERVATING THAT JOINT) WITH IMAGE GUIDANCE (FLUOROSCOPY OR CT), LUMBAR OR SACRAL: SECOND LEVEL (LIST SEPARATELY IN ADDITION TO CODE FOR PRIMARY PROCEDURE)	2,008.00	2,008.00
64483	INJECTION, ANESTHETIC AGENT AND/OR STEROID, TRANSFORAMINAL EPIDURAL; LUMBAR OR SACRAL, SINGLE LEVEL	2,008.00	2,008.00
64721	NEUROPASTY AND/OR TRANSPOSITION: MEDIAN NERVE AT CARPAL TUNNEL	2,767.00	2,767.00
29877	ARTHROSCOPY, KNEE, SURGICAL: DEBRIDEMENT/SHAVING OF ARTICULAR CARTILAGE (CHONDROPLASTY)	4,784.00	4,784.00
28270	CAPSULOTOMY; METATARSOPHALANGEAL JOINT, WITH OR WITHOUT TENORRHAPHY, EACH JOINT (SEPARATE PROCEDURE)	3,152.00	3,152.00
64415	INJECTION, ANESTHETIC AGENT; BRACHIAL PLEXUS, SINGLE	1,384.00	1,384.00
64636	DESTRUCTION BY NEUROLYTIC AGENT, PARAVETEBRAL FACET JOINT NERVE(S) WITH IMAGING GUIDANCE LUMBAR OR SACRAL, EACH ADDL FACET JOINT	2,008.00	2,008.00
29828	ARTHROSCOPY, SHOULDER, SURGICAL: BICEPS TENODESIS	7,031.00	7,031.00
29898	ARTHROSCOPY, ANKLE (TIBIOTALAR AND FIBULOTALAR JOINTS), SURGICAL: DEBRIDEMENT, EXTENSIVE	4,784.00	4,784.00
62310	INJECTION, SINGLE (NOT VIA INDWELLING CATHETER), NOT INCLUDING NEUROLYTIC SUBSTANCES, WITH OR WITHOUT CONTRAST (FOR EITHER LOCALIZATION OR EPIDUROGRAPHY), OF DIAGNOSTIC OR THERAPEUTIC SUBSTANCE(S) (INCLUDING ANESTHETIC, ANTISPASMODIC, OPIOID, STEROID, OTH	2,008.00	2,008.00

27691	TRANSFER OR TRANSPLANT OF SINGLE TENDON (WITH MUSCLE REDIRECTION OR REROUTING); DEEP (EG, ANTERIOR TIBIAL OR POSTERIOR TIBIAL THROUGH INTEROSSEOUS SPACE, FLEXOR DIGITORUM LONGUS, FLEXOR HALLUCIS LONGUS, OR PERONEAL TENDON TO MIDFOOT OR HINDFOOT)	6,438.00	6,438.00
64635	DESTRUCTION BY NEUROLYTIC AGENT, PARAVERTEBRAL FACET JOINT NERVE(S) WITH IMAGING GUIDANCE LUMBAR OR SACRAL, SINGLE FACET JOINT	2,008.00	2,008.00
64495	INJECTION(S), DIAGNOSTIC OR THERAPEUTIC AGENT, PARAVERTEBRAL FACET (ZYGAPOPHYSEAL) JOINT (OR NERVES INNERVATING THAT JOINT) WITH IMAGE GUIDANCE (FLUOROSCOPY OR CT), LUMBAR OR SACRAL; THIRD AND ANY ADDITIONAL LEVEL(S) (LIST SEPARATELY IN ADDITION TO CODE F	2,008.00	2,008.00
28308	OSTEOTOMY, WITH OR WITHOUT LENGTHENING, SHORTENING OR ANGULAR CORRECTION, METATARSAL; OTHER THAN FIRST METATARSAL, EACH	3,900.00	3,900.00

## **Attachment C, Economic Feasibility – 6B**

### **Medicare Fee Schedule**

# Most Common Procedures with Fees

CPT Code	Description	Standard Fee	Medicare Allowable*
29826	ARTHROSCOPY, SHOULDER, SURGICAL; DECOMPRESSION OF SUBACROMIAL SPACE WITH PARTIAL ACROMIOPLASTY, WITH OR WITHOUT CORACOACROMIAL RELEASE	7,031.00	N1
29824	ARTHROSCOPY, SHOULDER, SURGICAL; DISTAL CLAVICLECTOMY INCLUDING DISTAL ARTICULAR SURFACE (MUMFORD PROCEDURE)	7,031.00	\$ 1,260.00
29881	ARTHROSCOPY, KNEE, SURGICAL; WITH MENISCECTOMY (MEDIAL OR LATERAL, INCLUDING ANY MENISCAL SHAVING)	4,784.00	\$ 1,260.00
29827	ARTHROSCOPY, SHOULDER, SURGICAL; WITH ROTATOR CUFF REPAIR	7,031.00	\$ 2,339.00
62311	INJECTION, SINGLE (NOT VIA INDWELLING CATHETER), NOT INCLUDING NEUROLYTIC SUBSTANCES, WITH OR WITHOUT CONTRAST (FOR EITHER LOCALIZATION OR EPIDUROGRAPHY), OF DIAGNOSTIC OR THERAPEUTIC SUBSTANCE(S) (INCLUDING ANESTHETIC, ANTISPASMODIC, OPIOID, STEROID, OTH	2,008.00	\$ 308.00
64493	INJECTION(S), DIAGNOSTIC OR THERAPEUTIC AGENT, PARAVERTEBRAL FACET (ZYGAPOPHYSEAL) JOINT (OR NERVES INNERVATING THAT JOINT) WITH IMAGE GUIDANCE (FLUOROSCOPY OR CT), LUMBAR OR SACRAL; SINGLE LEVEL	2,008.00	\$ 432.00
29888	ARTHROSCOPICALLY AIDED ANTERIOR CRUCIATE LIGAMENT REPAIR/AUGMENTATION OR RECONSTRUCTION	9,835.75	\$ 3,323.00
29880	ARTHROSCOPY, KNEE, SURGICAL; WITH MENISCECTOMY (MEDIAL AND LATERAL, INCLUDING ANY MENISCAL SHAVING)	4,784.00	\$ 1,260.00
29806	ARTHROSCOPY, SHOULDER, SURGICAL; CAPSULORRHAPHY	7,031.00	\$ 2,339.00
64494	INJECTION(S), DIAGNOSTIC OR THERAPEUTIC AGENT, PARAVERTEBRAL FACET (ZYGAPOPHYSEAL) JOINT (OR NERVES INNERVATING THAT JOINT) WITH IMAGE GUIDANCE (FLUOROSCOPY OR CT), LUMBAR OR SACRAL; SECOND LEVEL (LIST SEPARATELY IN ADDITION TO CODE FOR PRIMARY PROCEDURE)	2,008.00	N1
64483	INJECTION, ANESTHETIC AGENT AND/OR STEROID, TRANSFORAMINAL EPIDURAL; LUMBAR OR SACRAL, SINGLE LEVEL	2,008.00	\$ 308.00
64721	NEUROPLASTY AND/OR TRANSPOSITION; MEDIAN NERVE AT CARPAL TUNNEL	2,767.00	\$ 733.00
29877	ARTHROSCOPY, KNEE, SURGICAL; DEBRIDEMENT/SHAVING OF ARTICULAR CARTILAGE (CHONDROPLASTY)	4,784.00	\$ 1,260.00
28270	CAPSULOTOMY; METATARSOPHALANGEAL JOINT, WITH OR WITHOUT TENORRHAPHY, EACH JOINT (SEPARATE PROCEDURE)	3,152.00	\$ 766.00
64415	INJECTION, ANESTHETIC AGENT; BRACHIAL PLEXUS, SINGLE	1,384.00	\$ 432.00
64636	DESTRUCTION BY NEUROLYTIC AGENT, PARAVETEBRAL FACET JOINT NERVE(S) WITH IMAGING GUIDANCE LUMBAR OR SACRAL, EACH ADDL FACET JOINT	2,008.00	N1
29828	ARTHROSCOPY, SHOULDER, SURGICAL; BICEPS TENODESIS	7,031.00	\$ 2,339.00

29898	ARTHROSCOPY, ANKLE (TIBIOTALAR AND FIBULOTALAR JOINTS), SURGICAL; DEBRIDEMENT, EXTENSIVE	4,784.00	\$ 1,260.00
62310	INJECTION, SINGLE (NOT VIA INDWELLING CATHETER), NOT INCLUDING NEUROLYTIC SUBSTANCES, WITH OR WITHOUT CONTRAST (FOR EITHER LOCALIZATION OR EPIDUROGRAPHY), OF DIAGNOSTIC OR THERAPEUTIC SUBSTANCE(S) (INCLUDING ANESTHETIC, ANTISPASMODIC, OPIOID, STEROID, OTH	2,008.00	\$ 308.00
27691	TRANSFER OR TRANSPLANT OF SINGLE TENDON (WITH MUSCLE REDIRECTION OR REROUTING); DEEP (EG, ANTERIOR TIBIAL OR POSTERIOR TIBIAL THROUGH INTEROSSEOUS SPACE, FLEXOR DIGITORUM LONGUS, FLEXOR HALLUCIS LONGUS, OR PERONEAL TENDON TO MIDFOOT OR HINDFOOT)	6,438.00	\$ 1,260.00
64635	DESTRUCTION BY NEUROLYTIC AGENT, PARAVETERAL FACET JOINT NERVE(S) WITH IMAGING GUIDANCE LUMBAR OR SACRAL, SINGLE FACET JOINT	2,008.00	\$ 733.00
64495	INJECTION(S), DIAGNOSTIC OR THERAPEUTIC AGENT, PARAVETERAL FACET (ZYGAPOPHYSEAL) JOINT (OR NERVES INNERVATING THAT JOINT) WITH IMAGE GUIDANCE (FLUOROSCOPY OR CT), LUMBAR OR SACRAL; THIRD AND ANY ADDITIONAL LEVEL(S) (LIST SEPARATELY IN ADDITION TO CODE F	2,008.00	N1
28308	OSTEOTOMY, WITH OR WITHOUT LENGTHENING, SHORTENING OR ANGULAR CORRECTION, METATARSAL; OTHER THAN FIRST METATARSAL, EACH	3,900.00	\$ 1,260.00

\* 2016 Allowables adjusted for Memphis wage index.

**Attachment C, Economic Feasibility - 10**

**Financial Statements**

Printer Friendly  
Outline  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549  
**Form 10-K**

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2015

OR

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission File Number 1-7293

**TENET HEALTHCARE CORPORATION**

(Exact name of Registrant as specified in its charter)

Nevada  
(State of Incorporation)

95-2557091  
(IRS Employer Identification No.)

1445 Ross Avenue, Suite 1400  
Dallas, TX 75202  
(Address of principal executive offices, including zip code)

(469) 893-2200  
(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common stock, \$0.05 par value	New York Stock Exchange
6 3/4% Senior Notes due 2031	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Exchange Act Rule 12b-2).

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No ☒

As of June 30, 2015, the aggregate market value of the shares of common stock held by non-affiliates of the Registrant (treating directors, executive officers who were SEC reporting persons, and holders of 10% or more of the common stock outstanding as of that date, for this purpose, as affiliates) was approximately \$4.8 billion based on the closing price of the Registrant's shares on the New York Stock Exchange on that day. As of January 29, 2016, there were 98,529,352 shares of common stock outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's definitive proxy statement for the 2016 annual meeting of shareholders are incorporated by reference into Part III of this Form 10-K.

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## PART I.

### ITEM 1. BUSINESS

#### OVERVIEW

Tenet Healthcare Corporation (together with our subsidiaries, referred to herein as “Tenet,” “we” or “us”) is a diversified healthcare services company. We operate regionally focused, integrated healthcare delivery networks, primarily in large urban and suburban markets in the United States. At the core of our networks are acute care and specialty hospitals that, together with our strategically aligned outpatient facilities and related businesses, allow us to provide a comprehensive range of healthcare services in the communities we serve. At December 31, 2015, we operated 86 hospitals, 20 short-stay surgical hospitals, over 475 outpatient centers, nine facilities in the United Kingdom and six health plans through our subsidiaries, partnerships and joint ventures. In addition, our Conifer Holdings, Inc. (“Conifer”) subsidiary provides healthcare business process services in the areas of revenue cycle management and technology-enabled performance improvement and health management solutions to health systems, as well as individual hospitals, physician practices, self-insured organizations and health plans.

With respect to our hospitals and outpatient businesses, we seek to offer superior quality and patient services to meet community needs, to make capital and other investments in our facilities and technology, to recruit and retain physicians, and to negotiate competitive contracts with managed care and other private payers. With respect to business process services, we provide comprehensive operational management for revenue cycle functions, including patient access, health information management, revenue integrity and patient financial services. We also offer communication and engagement solutions to optimize the relationship between providers and patients. In addition, Conifer operates a management services business that supports value-based performance through clinical integration, financial risk management and population health management. For financial reporting purposes, our business lines are classified into three separate reportable operating segments – Hospital Operations and other, Ambulatory Care and Conifer. Additional information about our business segments is provided below, and financial and statistical data for the segments can be found in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, of Part II of this report.

In general, we seek to operate our hospitals, ambulatory care and other outpatient centers, and Conifer in a manner that positions them to compete effectively in an evolving healthcare environment. From time to time, we build new hospitals and outpatient centers, and make strategic acquisitions of hospitals, outpatient businesses, physician practices, and other healthcare assets and companies – in each case in markets where we believe our operating strategies can improve performance and create shareholder value. Moreover, we continually evaluate joint venture opportunities with other healthcare providers in our markets to maximize effectiveness, reduce costs and build clinically integrated networks that provide quality services across the care continuum. In furtherance of the foregoing, during the year ended December 31, 2015:

- We combined our freestanding ambulatory surgery and imaging center assets with the short-stay surgical facility assets of United Surgical Partners International, Inc. (“USPI”) into a new joint venture (“USPI joint venture”). We have a 50.1% ownership interest in the USPI joint venture, while Welsh, Carson, Anderson & Stowe, a private equity firm that specializes in healthcare investments, owns approximately 47% and Baylor University Medical Center (“Baylor”) owns approximately 3% of the joint venture. We significantly increased the number of our not-for-profit partners through USPI and now have relationships with more than 50 leading healthcare systems across the country. Moreover, on December 31, 2015, USPI acquired CareSpot Express Healthcare, which added 35 urgent care centers in Florida and Tennessee to its portfolio of outpatient centers.
- We formed a new joint venture with Baptist Health System, Inc. to own and operate a healthcare network serving Birmingham and central Alabama. We have a 60% ownership interest in the joint

venture, and we manage the network's operations. Baptist Health System contributed four hospitals to the joint venture, and we contributed one hospital. The new network, which also includes each contributed hospital's related businesses, has more than 1,700 licensed beds, nine outpatient centers, 68 physician clinics delivering primary and specialty care, more than 7,000 employees, and approximately 1,500 affiliated physicians.

- We entered into definitive agreements to form two joint ventures with Baylor Scott & White Health (“BSW”) involving five North Texas hospitals. Effective January 1, 2016, one of the joint ventures owns or leases and operates Centennial Medical Center, Doctors Hospital at White Rock Lake, Lake Pointe Medical Center and Texas Regional Medical Center at Sunnyvale, all of which were previously owned or leased and operated by certain of our subsidiaries, and the other joint venture owns and operates Baylor Medical Center at Garland, which previously belonged to BSW. The two joint ventures will focus on delivering integrated, value-based care primarily to select communities in Rockwall, Collin and Dallas counties. BSW holds a 75% majority ownership interest in the joint venture that involves our legacy facilities and a 50.1% majority ownership interest in the joint venture that relates to the legacy BSW facility. We own the remaining minority interest in each joint venture and will continue to manage the operations of our legacy facilities. All five hospitals will operate under the BSW brand.
- We formed a new joint venture with Dignity Health and Ascension Arizona to own and operate Carondelet Health Network. We have a 60% ownership interest in the joint venture, and we manage the operations of the network’s three hospitals with over 900 licensed beds, related physician practices, ambulatory surgery, imaging and urgent care centers, and other affiliated businesses in Tucson and Nogales, Arizona.
- We acquired European Surgical Partners Ltd. (“Aspen Healthcare” or “Aspen”) in the United Kingdom. Although the U.K. provides government-funded healthcare to all of its residents through the National Health Service, the demand for healthcare services exceeds the public system’s capacity. Aspen’s four acute care hospitals, one cancer center and four outpatient facilities offer patients a complete range of private healthcare and clinical services in a growing market.
- We began operating Hi-Desert Medical Center and its related healthcare facilities under an arrangement structured as a long-term lease agreement with Hi-Desert Memorial Health Care District. We now manage the operations of the 59-bed acute care hospital, as well as a 120-bed skilled nursing facility, an ambulatory surgery center and an imaging center on the hospital’s campus in Joshua Tree, California.
- We opened 16 new outpatient facilities, and we acquired 12 other outpatient businesses outside of the corporate development activities described above, as well as various physician practice entities.
- Conifer announced a 10-year extension and expansion of its agreement with Catholic Health Initiatives (“CHI”) to provide patient access, revenue integrity and patient financial services to 92 CHI hospitals through 2032. At that time, CHI increased its minority ownership position in Conifer’s revenue cycle solutions subsidiary, Conifer Health Solutions, LLC, to approximately 23.8%.

From time to time, we decide to sell, consolidate or close certain facilities to eliminate duplicate services or excess capacity or because of changing market conditions or other factors. During the year ended December 31, 2015, we completed the sale of Saint Louis University Hospital (“SLUH”) to Saint Louis University, and we agreed to sell our two North Carolina hospitals – Central Carolina Hospital and Frye Regional Medical Center – and related operations to Duke LifePoint Healthcare (which sale was effective January 1, 2016). In addition, in December 2015, we entered into a definitive agreement for the sale and management of our Atlanta-area hospitals, as well as 26 physician clinics, to WellStar Health System. The transaction is subject to customary regulatory approvals and other closing conditions and is expected to be completed as early as the end of the first quarter of 2016. We also sold or closed nine outpatient centers in the year ended December 31, 2015.

We are committed to providing the communities we serve with high quality, cost-effective healthcare while growing our business, increasing our profitability and creating long-term value for our

shareholders. We believe that our success in increasing our profitability depends in part on our success in executing the strategies and managing the trends discussed in detail in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of Part II of this report. In general, we anticipate the continued influence of major industry trends we have seen emerge over the last several years, and our strategies reflect the belief that: (1) consumers will increasingly select services and providers based on quality and cost; (2) physicians will seek strategic partners with whom they can align clinically; (3) more procedures will shift from the inpatient to the outpatient setting; (4) demand will grow as a result of a strengthening

economy, shifting demographics and the expansion of coverage under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the “Affordable Care Act” or “ACA”); and (5) payer reimbursements will be constrained and further shift to being more closely tied to performance on quality and service metrics. We believe that our strategies will allow us to achieve our operational and financial targets; however, our ability to execute on these strategies and manage these trends is subject to a number of risks and uncertainties that may cause actual results to be materially different from expectations. Information about risks and uncertainties that could affect our results of operations can be found in “Forward-Looking Statements” below and in Item 1A, Risk Factors, of Part I of this report.

## OPERATIONS

### *HOSPITAL OPERATIONS AND OTHER SEGMENT*

*Hospitals, Ancillary Outpatient Facilities and Related Businesses*—At December 31, 2015, our subsidiaries operated 86 hospitals, including three academic medical centers, two children’s hospitals, two specialty hospitals and two critical access hospitals, with a total of 22,525 licensed beds, serving primarily urban and suburban communities in 14 states. Our subsidiaries owned 67 of those hospitals, 12 were owned by entities that are, in turn, jointly owned by a Tenet subsidiary and a strategic partner or group of physicians, and seven were owned by third parties and leased by our subsidiaries. In addition, at December 31, 2015, our subsidiaries operated a long-term acute care hospital and a skilled nursing facility and owned or leased and operated a number of medical office buildings, all of which were located on, or nearby, our hospital campuses. At December 31, 2015, our Hospital Operations and other segment also included: 174 outpatient centers, the majority of which are provider-based diagnostic imaging centers, freestanding urgent care centers, satellite emergency departments and provider-based ambulatory surgery centers; approximately 700 physician practices; and six health plans.

Our hospitals classified in continuing operations for financial reporting purposes generated in excess of 83% of our net operating revenues before provision for doubtful accounts for all periods presented in our Consolidated Financial Statements. Factors that affect patient volumes and, thereby, the results of operations at our hospitals and related healthcare facilities include, but are not limited to: (1) the business environment, economic conditions and demographics of local communities in which we operate; (2) the number of uninsured and underinsured individuals in local communities treated at our hospitals; (3) seasonal cycles of illness; (4) climate and weather conditions; (5) physician recruitment, retention and attrition; (6) advances in technology and treatments that reduce length of stay; (7) local healthcare competitors; (8) managed care contract negotiations or terminations; (9) the number of patients with high-deductible health insurance plans; (10) any unfavorable publicity about us, which impacts our relationships with physicians and patients; (11) changes in healthcare regulations and the participation of individual states in federal programs; and (12) the timing of elective procedures.

Each of our general hospitals offers acute care services, operating and recovery rooms, radiology services, respiratory therapy services, clinical laboratories and pharmacies; in addition, most have intensive care, critical care and/or coronary care units, physical therapy, and orthopedic, oncology and outpatient services. Many of our hospitals provide tertiary care services, such as open-heart surgery, neonatal intensive care and neurosciences, and some also offer quaternary care in areas such as heart, liver, kidney and bone marrow transplants. Our children’s hospitals provide tertiary and quaternary pediatric services, including bone marrow and kidney transplants, as well as burn services. Moreover, a number of our hospitals offer advanced treatment options for patients, including gamma-knife brain surgery and cyberknife radiation therapy for tumors and lesions in the brain, lung, neck, spine and elsewhere that may previously have been considered inoperable or inaccessible by traditional radiation therapy. Many of our hospitals and physician practices also offer a wide range of clinical research studies, giving patients access to innovative care. We are dedicated to helping our hospitals and physicians participate in medical research that is consistent with state and federal regulations and complies with clinical practice guidelines. Clinical research programs relate to a wide array of ailments, including cardiovascular disease, pulmonary disease, musculoskeletal disorders, neurological disorders,

genitourinary disease and various cancers, as well as experimental drug and medical device studies. By supporting clinical research, our hospitals are actively involved in medical advancements that can lead to improvements in patient safety and clinical care.

Morningstar<sup>®</sup> Document Research<sup>SM</sup>

## **FORM 10-Q**

**TENET HEALTHCARE CORP - THC**

**Filed: May 02, 2016 (period: March 31, 2016)**

Quarterly report with a continuing view of a company's financial position

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**Form 10-Q**

- ☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2016

OR

- ☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-7293

**TENET HEALTHCARE CORPORATION**

(Exact name of Registrant as specified in its charter)

Nevada  
(State of Incorporation)

95-2557091  
(IRS Employer Identification No.)

1445 Ross Avenue, Suite 1400  
Dallas, TX 75202  
(Address of principal executive offices, including zip code)

(469) 893-2200  
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Exchange Act Rule 12b-2).

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No ☒

At April 27, 2016, there were 99,304,410 shares of the Registrant's common stock, \$0.05 par value, outstanding.

**TENET HEALTHCARE CORPORATION  
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**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

**TENET HEALTHCARE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
Dollars in Millions  
(Unaudited)

	March 31, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 728	\$ 356
Accounts receivable, less allowance for doubtful accounts (\$901 at March 31, 2016 and \$887 at December 31, 2015)	2,807	2,704
Inventories of supplies, at cost	312	309
Income tax receivable	—	7
Assets held for sale	2	550
Other current assets	1,280	1,245
<b>Total current assets</b>	<b>5,129</b>	<b>5,171</b>
Investments and other assets	1,142	1,175
Deferred income taxes	726	776
Property and equipment, at cost, less accumulated depreciation and amortization (\$4,538 at March 31, 2016 and \$4,323 at December 31, 2015)	7,961	7,915
Goodwill	7,122	6,970
Other intangible assets, at cost, less accumulated amortization (\$701 at March 31, 2016 and \$659 at December 31, 2015)	1,686	1,675
<b>Total assets</b>	<b>\$ 23,766</b>	<b>\$ 23,682</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 172	\$ 127
Accounts payable	1,228	1,380
Accrued compensation and benefits	772	880
Professional and general liability reserves	161	177
Accrued interest payable	307	205
Liabilities held for sale	—	101
Accrued legal settlement costs	423	294
Other current liabilities	1,205	1,144
<b>Total current liabilities</b>	<b>4,268</b>	<b>4,308</b>
Long-term debt, net of current portion	14,350	14,383
Professional and general liability reserves	623	578
Defined benefit plan obligations	593	595
Other long-term liabilities	625	594
<b>Total liabilities</b>	<b>20,459</b>	<b>20,458</b>
Commitments and contingencies		
Redeemable noncontrolling interests in equity of consolidated subsidiaries	2,381	2,266
<b>Equity:</b>		
<b>Shareholders' equity:</b>		
Common stock, \$0.05 par value; authorized 262,500,000 shares; 147,692,493 shares issued at March 31, 2016 and 146,920,454 shares issued at December 31, 2015	7	7
Additional paid-in capital	4,804	4,815
Accumulated other comprehensive loss	(160)	(164)
Accumulated deficit	(1,609)	(1,550)
Common stock in treasury, at cost, 48,424,273 shares at March 31, 2016 and 48,425,298 shares at December 31, 2015	(2,417)	(2,417)
<b>Total shareholders' equity</b>	<b>625</b>	<b>691</b>
<b>Noncontrolling interests</b>	<b>301</b>	<b>267</b>
<b>Total equity</b>	<b>926</b>	<b>958</b>
<b>Total liabilities and equity</b>	<b>\$ 23,766</b>	<b>\$ 23,682</b>

See accompanying Notes to Condensed Consolidated Financial Statements.

**TENET HEALTHCARE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
Dollars in Millions, Except Per-Share Amounts  
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
<b>Net operating revenues:</b>		
Net operating revenues before provision for doubtful accounts	\$ 5,420	\$ 4,787
Less: Provision for doubtful accounts	376	363
<b>Net operating revenues</b>	<b>5,044</b>	<b>4,424</b>
<b>Equity in earnings of unconsolidated affiliates</b>	<b>24</b>	<b>4</b>
<b>Operating expenses:</b>		
Salaries, wages and benefits	2,402	2,125
Supplies	811	687
Other operating expenses, net	1,242	1,093
Electronic health record incentives	—	(6)
Depreciation and amortization	212	207
Impairment and restructuring charges, and acquisition-related costs	28	29
Litigation and investigation costs	173	3
Gains on sales, consolidation and deconsolidation of facilities	(147)	—
<b>Operating income</b>	<b>347</b>	<b>290</b>
Interest expense	(243)	(199)
Investment earnings	1	—
<b>Net income from continuing operations, before income taxes</b>	<b>105</b>	<b>91</b>
Income tax expense	(67)	(16)
<b>Net income from continuing operations, before discontinued operations</b>	<b>38</b>	<b>75</b>
<b>Discontinued operations:</b>		
Loss from operations	(5)	(1)
Litigation and investigation costs	—	3
Income tax benefit (expense)	1	(1)
<b>Net income (loss) from discontinued operations</b>	<b>(4)</b>	<b>1</b>
<b>Net income</b>	<b>34</b>	<b>76</b>
Less: Net income attributable to noncontrolling interests	93	29
<b>Net income available (loss attributable) to Tenet Healthcare Corporation common shareholders</b>	<b>\$ (59)</b>	<b>\$ 47</b>
<b>Amounts available (attributable) to Tenet Healthcare Corporation common shareholders</b>		
Net income (loss) from continuing operations, net of tax	\$ (55)	\$ 46
Net income (loss) from discontinued operations, net of tax	(4)	1
<b>Net income available (loss attributable) to Tenet Healthcare Corporation common shareholders</b>	<b>\$ (59)</b>	<b>\$ 47</b>
<b>Earnings (loss) per share available (attributable) to Tenet Healthcare Corporation common shareholders:</b>		
<b>Basic</b>		
Continuing operations	\$ (0.56)	\$ 0.47
Discontinued operations	(0.04)	0.01
	<b>\$ (0.60)</b>	<b>\$ 0.48</b>
<b>Diluted</b>		
Continuing operations	\$ (0.56)	\$ 0.46
Discontinued operations	(0.04)	0.01
	<b>\$ (0.60)</b>	<b>\$ 0.47</b>
<b>Weighted average shares and dilutive securities outstanding (in thousands):</b>		
Basic	98,768	98,699
Diluted	98,768	100,872

See accompanying Notes to Condensed Consolidated Financial Statements.

**TENET HEALTHCARE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**  
Dollars in Millions  
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Net income	\$ 34	\$ 76
Other comprehensive income:		
Amortization of net actuarial loss included in net periodic benefit costs	—	3
Unrealized gains on securities held as available-for-sale	3	1
Foreign currency translation adjustments	2	—
Other comprehensive income before income taxes	5	4
Income tax expense related to items of other comprehensive income	(1)	(1)
Total other comprehensive income, net of tax	4	3
Comprehensive net income	38	79
Less: Comprehensive income attributable to noncontrolling interests	93	29
Comprehensive net income available (loss attributable) to Tenet Healthcare Corporation common shareholders	\$ (55)	\$ 50

See accompanying Notes to Condensed Consolidated Financial Statements.

**TENET HEALTHCARE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Dollars in Millions  
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
<b>Net income</b>	<b>\$ 34</b>	<b>\$ 76</b>
<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</b>		
Depreciation and amortization	212	207
Provision for doubtful accounts	376	363
Deferred income tax expense	31	12
Stock-based compensation expense	16	15
Impairment and restructuring charges, and acquisition-related costs	28	29
Litigation and investigation costs	173	3
Gains on sales, consolidation and deconsolidation of facilities	(147)	—
Equity in earnings of unconsolidated affiliates, net of distributions received	12	(4)
Amortization of debt discount and debt issuance costs	10	7
Pre-tax loss (income) from discontinued operations	5	(2)
Other items, net	2	(4)
<b>Changes in cash from operating assets and liabilities:</b>		
Accounts receivable	(453)	(484)
Inventories and other current assets	(18)	(74)
Income taxes	28	8
Accounts payable, accrued expenses and other current liabilities	(114)	(200)
Other long-term liabilities	24	28
<b>Payments for restructuring charges, acquisition-related costs, and litigation costs and settlements</b>	<b>(69)</b>	<b>(33)</b>
<b>Net cash used in operating activities from discontinued operations, excluding income taxes</b>	<b>(3)</b>	<b>(4)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>147</b>	<b>(57)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment — continuing operations	(208)	(184)
Purchases of businesses or joint venture interests, net of cash acquired	(29)	(11)
Proceeds from sales of facilities and other assets	573	—
Proceeds from sales of marketable securities, long-term investments and other assets	12	6
Purchases of equity investments	(18)	—
Other long-term assets	(10)	2
<b>Net cash provided by (used in) investing activities</b>	<b>320</b>	<b>(187)</b>
<b>Cash flows from financing activities:</b>		
Repayments of borrowings under credit facility	(995)	(690)
Proceeds from borrowings under credit facility	995	820
Repayments of other borrowings	(38)	(32)
Proceeds from other borrowings	1	401
Debt issuance costs	—	(4)
Distributions paid to noncontrolling interests	(44)	(11)
Contributions from noncontrolling interests	—	2
Purchase of noncontrolling interests	—	(254)
Proceeds from exercise of stock options	—	7
Other items, net	(14)	(3)
<b>Net cash provided by (used in) financing activities</b>	<b>(95)</b>	<b>236</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>372</b>	<b>(8)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>356</b>	<b>193</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 728</b>	<b>\$ 185</b>
<b>Supplemental disclosures:</b>		
Interest paid, net of capitalized interest	\$ (132)	\$ (117)
Income tax refunds (payments), net	\$ (6)	\$ 1

See accompanying Notes to Condensed Consolidated Financial Statements.

# **Attachment C, Contribution to the Orderly Development Of Health Care**

## **Proof of Publication**

## Classified Legal Notices

## Legals

## Legal Notices

## NOTICE OF FORECLOSURE SALE

WHEREAS, Kris James and Janet James, executed a deed of trust to Chase Bank USA, N.A. Lender and Kathy Winslow, Trustee(s), which was dated July 31, 2007 and recorded on August 1, 2007 in Instrument No. 012151, Shelby County, Tennessee Register's Office.

WHEREAS, default having been made in the payment of the debt(s) and obligation(s) thereby secured by the said deed of trust and the current holder of said deed of trust, U.S. Bank Trust, N.A., as Trustee for LPS Master Participation Trust, (the "Holder"), appointed the undersigned, Brock & Scott, PLLC, as Substituted Trustee, by an instrument duly recorded in the Office of the Register of Deeds of Shelby County, Tennessee, with all the right, powers and privileges of the original Trustee named in said deed of trust; and

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable as provided in said deed of trust by the Holder, and that as agent for the undersigned, Brock & Scott, PLLC, Substituted Trustee, by virtue of the power and authority vested in it, will on June 1, 2016, at 10:00AM at the usual and customary location at the Shelby County Courthouse, Memphis, Tennessee, proceed to sell at public outcry to the highest and best bidder for cash, the following described property situated in Shelby County, Tennessee, to wit:

The following described real estate, situated and being in Memphis, County of Shelby, State of Tennessee: Int. 44.3 Section 16, John B. Goodwin's Grantland Subdivision, as shown on plat of record in Plat Book 21, Page 14, Register's Office, Shelby County, Tennessee, to which plat reference is hereby made for a more complete legal description.

Property Address: 1311 Favell Drive, Memphis, Tennessee 38115  
Parcel ID Number: 078780000000  
Address/Description: 1311 Favell Drive, Memphis, TN 38115.

Current Owner(s): Genia James and Kris James.  
Other Interested Parties: Internal Revenue Service. This sale is also subject to the right of redemption by the INTERNAL REVENUE SERVICE, DEPARTMENT OF THE U.S. TREASURY, pursuant to 28 U.S.C. 7425, by reason of the following tax lien(s) of record in Instrument Number 012151, Serial Number 76423311. Notice of the sale has been given to the Internal Revenue Service in accordance with 28 U.S.C. 7425(b)(2).

The sale of the property described above shall be subject to all matters shown as any recorded plat; any and all liens against said property; any unpaid property taxes; any restrictive covenants, easements or setback lines that may be applicable; any prior liens or encumbrances as well as any priority created by a future filing of a deed of trust; and any matter that an accurate survey of the premises might disclose; and

All right and equity of redemption, statutory and otherwise, and homestead are expressly waived in said deed of trust, and the title is believed to be good, but the undersigned will sell and convey only as Substituted Trustee.

If the U.S. Department of Treasury, the State of Tennessee, the State of Tennessee Department of Labor or Workforce Development are listed as interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entitlement right to redeem the property as required by 28 U.S.C. 7425 and T.C.A. 9-7-1433.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time, if the sale is set aside for any reason, the Purchaser at the sale shall be entitled only to a return of the deposit paid. The Purchaser shall have no further recourse against the Mortgagee, the Mortgagee or the Mortgagee's attorney.

MWZM File No. 16-00071-670  
JASON S. MANGRUM, JOHN B. ROAN, or JERRY A. BRIDENBAUGH, Substituted Trustee(s) PREMIER BUILDING, SUITE 404 5171 MARYLAND WAY BENTWOOD, TENNESSEE 37027 PHONE: (615) 238-3620 EMAIL: TNSALES@MWZMLAW.COM

## SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on June 24, 2016 on or about 12:00PM local time, at the Southwest Corner, Adams Avenue Entrance of the Shelby County Courthouse, Memphis, Tennessee, conducted by the Substituted Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by ANITA K. NIANG and BARA NIANG, to TERRY F. WECLEY, Trustee, on January 3, 2007, as Instrument No. 01038512 in the real property records of Shelby County Register's Office, Tennessee.

## Legal Notices

Owner of Debt: DEUTSCHE BANK NATIONAL TRUST COMPANY, AS TRUSTEE FOR FREEMONT STANLEY ABS CAPITAL I, INC. TRUST 2004-4, MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2007-HEB

The following real estate located in Shelby County, Tennessee, will be sold to the highest and best bidder subject to all unpaid taxes, prior liens and encumbrances of record.

LOT 26, PHASE 1, STONERBAR RD. AS SHOWN ON PLAT OF RECORD IN PLAT BOOK 214, PAGE 36 IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE, TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID PROPERTY.

BEING THE SAME PROPERTY CONVEYED TO GRANITOR, BY WARRANTY DEED RECORDED IN PLAT BOOK 214, PAGE 36 IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE, WITH ALL THE RIGHT, POWERS AND PRIVILEGES OF THE ORIGINAL TRUSTEE NAMED IN SAID DEED OF TRUST; AND

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable as provided in said deed of trust by the Holder, and that as agent for the undersigned, Brock & Scott, PLLC, Substituted Trustee, by virtue of the power and authority vested in it, will on June 1, 2016, at 10:00AM at the usual and customary location at the Shelby County Courthouse, Memphis, Tennessee, proceed to sell at public outcry to the highest and best bidder for cash, the following described property situated in Shelby County, Tennessee, to wit:

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Parcel ID Number: 078780000000  
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Current Owner(s): Genia James and Kris James.  
Other Interested Parties: Internal Revenue Service. This sale is also subject to the right of redemption by the INTERNAL REVENUE SERVICE, DEPARTMENT OF THE U.S. TREASURY, pursuant to 28 U.S.C. 7425, by reason of the following tax lien(s) of record in Instrument Number 012151, Serial Number 76423311. Notice of the sale has been given to the Internal Revenue Service in accordance with 28 U.S.C. 7425(b)(2).

The sale of the property described above shall be subject to all matters shown as any recorded plat; any and all liens against said property; any unpaid property taxes; any restrictive covenants, easements or setback lines that may be applicable; any prior liens or encumbrances as well as any priority created by a future filing of a deed of trust; and any matter that an accurate survey of the premises might disclose; and

All right and equity of redemption, statutory and otherwise, and homestead are expressly waived in said deed of trust, and the title is believed to be good, but the undersigned will sell and convey only as Substituted Trustee.

If the U.S. Department of Treasury, the State of Tennessee, the State of Tennessee Department of Labor or Workforce Development are listed as interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entitlement right to redeem the property as required by 28 U.S.C. 7425 and T.C.A. 9-7-1433.

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## Legal Notices

Owner of Debt: DEUTSCHE BANK NATIONAL TRUST COMPANY, AS TRUSTEE FOR FREEMONT STANLEY ABS CAPITAL I, INC. TRUST 2004-4, MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2007-HEB

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BEING THE SAME PROPERTY CONVEYED TO GRANITOR, BY WARRANTY DEED RECORDED IN PLAT BOOK 214, PAGE 36 IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE, WITH ALL THE RIGHT, POWERS AND PRIVILEGES OF THE ORIGINAL TRUSTEE NAMED IN SAID DEED OF TRUST; AND

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable as provided in said deed of trust by the Holder, and that as agent for the undersigned, Brock & Scott, PLLC, Substituted Trustee, by virtue of the power and authority vested in it, will on June 1, 2016, at 10:00AM at the usual and customary location at the Shelby County Courthouse, Memphis, Tennessee, proceed to sell at public outcry to the highest and best bidder for cash, the following described property situated in Shelby County, Tennessee, to wit:

The following described real estate, situated and being in Memphis, County of Shelby, State of Tennessee: Int. 44.3 Section 16, John B. Goodwin's Grantland Subdivision, as shown on plat of record in Plat Book 21, Page 14, Register's Office, Shelby County, Tennessee, to which plat reference is hereby made for a more complete legal description.

Property Address: 1311 Favell Drive, Memphis, Tennessee 38115  
Parcel ID Number: 078780000000  
Address/Description: 1311 Favell Drive, Memphis, TN 38115.

Current Owner(s): Genia James and Kris James.  
Other Interested Parties: Internal Revenue Service. This sale is also subject to the right of redemption by the INTERNAL REVENUE SERVICE, DEPARTMENT OF THE U.S. TREASURY, pursuant to 28 U.S.C. 7425, by reason of the following tax lien(s) of record in Instrument Number 012151, Serial Number 76423311. Notice of the sale has been given to the Internal Revenue Service in accordance with 28 U.S.C. 7425(b)(2).

The sale of the property described above shall be subject to all matters shown as any recorded plat; any and all liens against said property; any unpaid property taxes; any restrictive covenants, easements or setback lines that may be applicable; any prior liens or encumbrances as well as any priority created by a future filing of a deed of trust; and any matter that an accurate survey of the premises might disclose; and

All right and equity of redemption, statutory and otherwise, and homestead are expressly waived in said deed of trust, and the title is believed to be good, but the undersigned will sell and convey only as Substituted Trustee.

If the U.S. Department of Treasury, the State of Tennessee, the State of Tennessee Department of Labor or Workforce Development are listed as interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entitlement right to redeem the property as required by 28 U.S.C. 7425 and T.C.A. 9-7-1433.

## SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on June 24, 2016 on or about 12:00PM local time, at the Southwest Corner, Adams Avenue Entrance of the Shelby County Courthouse, Memphis, Tennessee, conducted by the Substituted Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by ANITA K. NIANG and BARA NIANG, to TERRY F. WECLEY, Trustee, on January 3, 2007, as Instrument No. 01038512 in the real property records of Shelby County Register's Office, Tennessee.

## Legal Notices

THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

If applicable, the notice requirements of T.C.A. 25-5-117 have been met.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said deed of trust, and the title is believed to be good, but the undersigned will sell and convey only as Substituted Trustee.

This sale is also subject to the right of redemption by the INTERNAL REVENUE SERVICE, DEPARTMENT OF THE U.S. TREASURY, pursuant to 28 U.S.C. 7425, by reason of the following tax lien(s) of record in the original amount of \$24,848.83 as Instrument No. 0181251 in the real property records of Shelby County Register's Office, Tennessee.

If the U.S. Department of Treasury, the State of Tennessee, the State of Tennessee Department of Labor or Workforce Development are listed as interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entitlement right to redeem the property as required by 28 U.S.C. 7425 and T.C.A. 9-7-1433.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time, if the sale is set aside for any reason, the Purchaser at the sale shall be entitled only to a return of the deposit paid. The Purchaser shall have no further recourse against the Mortgagee, the Mortgagee or the Mortgagee's attorney.

MWZM File No. 16-00071-670  
JASON S. MANGRUM, JOHN B. ROAN, or JERRY A. BRIDENBAUGH, Substituted Trustee(s) PREMIER BUILDING, SUITE 404 5171 MARYLAND WAY BENTWOOD, TENNESSEE 37027 PHONE: (615) 238-3620 EMAIL: TNSALES@MWZMLAW.COM

Owner of Debt: DEUTSCHE BANK NATIONAL TRUST COMPANY, AS TRUSTEE FOR FREEMONT STANLEY ABS CAPITAL I, INC. TRUST 2004-4, MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2007-HEB

The following real estate located in Shelby County, Tennessee, will be sold to the highest and best bidder subject to all unpaid taxes, prior liens and encumbrances of record.

LOT 26, PHASE 1, STONERBAR RD. AS SHOWN ON PLAT OF RECORD IN PLAT BOOK 214, PAGE 36 IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE, TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID PROPERTY.

BEING THE SAME PROPERTY CONVEYED TO GRANITOR, BY WARRANTY DEED RECORDED IN PLAT BOOK 214, PAGE 36 IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE, WITH ALL THE RIGHT, POWERS AND PRIVILEGES OF THE ORIGINAL TRUSTEE NAMED IN SAID DEED OF TRUST; AND

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable as provided in said deed of trust by the Holder, and that as agent for the undersigned, Brock & Scott, PLLC, Substituted Trustee, by virtue of the power and authority vested in it, will on June 1, 2016, at 10:00AM at the usual and customary location at the Shelby County Courthouse, Memphis, Tennessee, proceed to sell at public outcry to the highest and best bidder for cash, the following described property situated in Shelby County, Tennessee, to wit:

The following described real estate, situated and being in Memphis, County of Shelby, State of Tennessee: Int. 44.3 Section 16, John B. Goodwin's Grantland Subdivision, as shown on plat of record in Plat Book 21, Page 14, Register's Office, Shelby County, Tennessee, to which plat reference is hereby made for a more complete legal description.

## SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on June 24, 2016 on or about 12:00PM local time, at the Southwest Corner, Adams Avenue Entrance of the Shelby County Courthouse, Memphis, Tennessee, conducted by the Substituted Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by ANITA K. NIANG and BARA NIANG, to TERRY F. WECLEY, Trustee, on January 3, 2007, as Instrument No. 01038512 in the real property records of Shelby County Register's Office, Tennessee.

## Legal Notices

UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE, THE TRUSTEE/SUBSTITUTE TRUSTEE RESERVES THE RIGHT TO RESCIND THE SALE. IF THE SALE IS SET ASIDE FOR ANY REASON, THE PURCHASER AT THE SALE SHALL BE ENTITLED ONLY TO A RETURN OF THE DEPOSIT PAID. THE PURCHASER SHALL HAVE NO FURTHER RECOURSE AGAINST THE GRANTOR, THE GRANTEE, OR THE TRUSTEE.

OTHER INTERESTED PARTIES: AMER. BANK AND CAPITAL ONE BANK AND CREDIT UNION. THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

If applicable, the notice requirements of T.C.A. 25-5-117 have been met.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said deed of trust, and the title is believed to be good, but the undersigned will sell and convey only as Substituted Trustee.

This sale is also subject to the right of redemption by the INTERNAL REVENUE SERVICE, DEPARTMENT OF THE U.S. TREASURY, pursuant to 28 U.S.C. 7425, by reason of the following tax lien(s) of record in the original amount of \$22,126.09 as Instrument No. 1088573 in the real property records of Shelby County Register's Office, Tennessee.

If the U.S. Department of Treasury, the State of Tennessee, the State of Tennessee Department of Labor or Workforce Development are listed as interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entitlement right to redeem the property as required by 28 U.S.C. 7425 and T.C.A. 9-7-1433.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time, if the sale is set aside for any reason, the Purchaser at the sale shall be entitled only to a return of the deposit paid. The Purchaser shall have no further recourse against the Mortgagee, the Mortgagee or the Mortgagee's attorney.

MWZM File No. 16-00071-670  
JASON S. MANGRUM, JOHN B. ROAN, or JERRY A. BRIDENBAUGH, Substituted Trustee(s) PREMIER BUILDING, SUITE 404 5171 MARYLAND WAY BENTWOOD, TENNESSEE 37027 PHONE: (615) 238-3620 EMAIL: TNSALES@MWZMLAW.COM

## SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on June 24, 2016 on or about 12:00PM local time, at the Southwest Corner, Adams Avenue Entrance of the Shelby County Courthouse, Memphis, Tennessee, conducted by the Substituted Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by GEORGIA SHORE, to WILEY E. TURNER, Trustee, on May 26, 2004, as Instrument No. 012151 in the real property records of Shelby County Register's Office, Tennessee.

Owner of Debt: DEUTSCHE BANK NATIONAL TRUST COMPANY, AS TRUSTEE FOR FREEMONT STANLEY ABS CAPITAL I, INC. TRUST 2004-4, MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2007-HEB

The following real estate located in Shelby County, Tennessee, will be sold to the highest and best bidder subject to all unpaid taxes, prior liens and encumbrances of record.

## SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on June 24, 2016 on or about 12:00PM local time, at the Southwest Corner, Adams Avenue Entrance of the Shelby County Courthouse, Memphis, Tennessee, conducted by the Substituted Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by ANITA K. NIANG and BARA NIANG, to TERRY F. WECLEY, Trustee, on January 3, 2007, as Instrument No. 01038512 in the real property records of Shelby County Register's Office, Tennessee.

## Legal Notices

ER'S INTEREST IN THE FOREGOING DESCRIBED PROPERTY WAS A WARRANTY DEED TO THE REGISTER'S OFFICE OF SHELBY COUNTY, TN.

Tax ID: C0244008000190

Current Owner(s) of Property: GEORGIA SHORE

The street address of the above described property is believed to be 375 SYCAMORE ROAD, COLLETSVILLE, TN 38017, but such address is not part of the legal description of the property and herein and on the event of any discrepancy, the legal description referenced herein shall control.

SALE IS SUBJECT TO OCCUPANT RIGHTS IN POSSESSION.

THE RIGHT IS RESERVED TO ADJUDICATE THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER PUBLICATION, UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE. THE TRUSTEE/SUBSTITUTE TRUSTEE RESERVES THE RIGHT TO RESCIND THE SALE. IF THE SALE IS SET ASIDE FOR ANY REASON, THE PURCHASER AT THE SALE SHALL BE ENTITLED ONLY TO A RETURN OF THE DEPOSIT PAID. THE PURCHASER SHALL HAVE NO FURTHER RECOURSE AGAINST THE GRANTOR, THE GRANTEE, OR THE TRUSTEE.

OTHER INTERESTED PARTIES: AMER.

THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

If applicable, the notice requirements of T.C.A. 25-5-117 have been met.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said deed of trust, and the title is believed to be good, but the undersigned will sell and convey only as Substituted Trustee.

If the U.S. Department of Treasury, the State of Tennessee, the State of Tennessee Department of Labor or Workforce Development are listed as interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entitlement right to redeem the property as required by 28 U.S.C. 7425 and T.C.A. 9-7-1433.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time, if the sale is set aside for any reason, the Purchaser at the sale shall be entitled only to a return of the deposit paid. The Purchaser shall have no further recourse against the Mortgagee, the Mortgagee or the Mortgagee's attorney.

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## Legal Notices

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OTHER INTERESTED PARTIES: AMER.

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MWZM File No. 16-00071-670  
JASON S. MANGRUM, JOHN B. ROAN, or JERRY A. BRIDENBAUGH, Substituted Trustee(s) PREMIER BUILDING, SUITE 404 5171 MARYLAND WAY BENTWOOD, TENNESSEE 37027 PHONE: (615) 238-3620 EMAIL: TNSALES@MWZMLAW.COM

## SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on June 24, 2016 on or about 12:00PM local time, at the Southwest Corner, Adams Avenue Entrance of the Shelby County Courthouse, Memphis, Tennessee, conducted by the Substituted Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by GEORGIA SHORE, to WILEY E. TURNER, Trustee, on May 26, 2004, as Instrument No. 012151 in the real property records of Shelby County Register's Office, Tennessee.

Owner of Debt: DEUTSCHE BANK NATIONAL TRUST COMPANY, AS TRUSTEE FOR FREEMONT STANLEY ABS CAPITAL I, INC. TRUST 2004-4, MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2007-HEB

The following real estate located in Shelby County, Tennessee, will be sold to the highest and best bidder subject to all unpaid taxes, prior liens and encumbrances of record.

## SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on June 24, 2016 on or about 12:00PM local time, at the Southwest Corner, Adams Avenue Entrance of the Shelby County Courthouse, Memphis, Tennessee, conducted by the Substituted Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by ANITA K. NIANG and BARA NIANG, to TERRY F. WECLEY, Trustee, on January 3, 2007, as Instrument No. 01038512 in the real property records of Shelby County Register's Office, Tennessee.

## PEANUTS

By Charles M. Schulz



## FRANK &amp; ERNEST

By Bob Thaves



## CRANKSHAFT

By Tom Batluk & Chuck Ayers



## BORN LOSER

By Art and Chip Sansom



## NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. 56-1-1011 et seq., and the Rules of the Health Services and Development Agency that Health Services and Development Agency (HSDA) is soliciting applications for a Certificate of Need (CON) for the establishment of a new health care facility in the Memphis area. The applicant must be a health care provider or a health care provider organization. The applicant must be a health care provider or a health care provider organization. The applicant must be a health care provider or a health care provider organization.

The published Notice of Intent will be published in the following locations: (1) The Memphis Commercial Appeal; (2) The Memphis Business Journal; (3) The Memphis Business Journal; (4) The Memphis Business Journal; (5) The Memphis Business Journal; (6) The Memphis Business Journal; (7) The Memphis Business Journal; (8) The Memphis Business Journal; (9) The Memphis Business Journal; (10) The Memphis Business Journal; (11) The Memphis Business Journal; (12) The Memphis Business Journal; (13) The Memphis Business Journal; (14) The Memphis Business Journal; (15) The Memphis Business Journal; (16) The Memphis Business Journal; (17) The Memphis Business Journal; (18) The Memphis Business Journal; (19) The Memphis Business Journal; (20) The Memphis Business Journal; (21) The Memphis Business Journal; (22) The Memphis Business Journal; (23) The Memphis Business Journal; (24) The Memphis Business Journal; (25) The Memphis Business Journal; (26) The Memphis Business Journal; (27) The Memphis Business Journal; (28) The Memphis Business Journal; (29) The Memphis Business Journal; (30) The Memphis Business Journal; (31) The Memphis Business Journal; (32) The Memphis Business Journal; (33) The Memphis Business Journal; (34) The Memphis Business Journal; (35) The Memphis Business Journal; (36) The Memphis Business Journal; (37) The Memphis Business Journal; (38) The Memphis Business Journal; (39) The Memphis Business Journal; (40) The Memphis Business Journal; (41) The Memphis Business Journal; (42) The Memphis Business Journal; (43) The Memphis Business Journal; (44) The Memphis Business Journal; (45) The Memphis Business Journal; (46) The Memphis Business Journal; (47) The Memphis Business Journal; (48) The Memphis Business Journal; (49) The Memphis Business Journal; (50) The Memphis Business Journal; (51) The Memphis Business Journal; (52) The Memphis Business Journal; (53) The Memphis Business Journal; (54) The Memphis Business Journal; (55) The Memphis Business Journal; (56) The Memphis Business Journal; (57) The Memphis Business Journal; (58) The Memphis Business Journal; (59) The Memphis Business Journal; (60) The Memphis Business Journal; (61) The Memphis Business Journal; (62) The Memphis Business Journal; (63) The Memphis Business Journal; (64) The Memphis Business Journal; (65) The Memphis Business Journal; (66) The Memphis Business Journal; (67) The Memphis Business Journal; (68) The Memphis Business Journal; (69) The Memphis Business Journal; (70) The Memphis Business Journal; (71) The Memphis Business Journal; (72) The Memphis Business Journal; (73) The Memphis Business Journal; (74) The Memphis Business Journal; (75) The Memphis Business Journal; (76) The Memphis Business Journal; (77) The Memphis Business Journal; (78) The Memphis Business Journal; (79) The Memphis Business Journal; (80) The Memphis Business Journal; (81) The Memphis Business Journal; (82) The Memphis Business Journal; (83) The Memphis Business Journal; (84) The Memphis Business Journal; (85) The Memphis Business Journal; (86) The Memphis Business Journal; (8

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: UNITED SURGICAL PARTNERS INTERNATIONAL

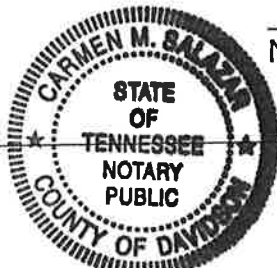
I, KIM H. LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Kim H Looney  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 13 day of May, 2016, witness my hand at office in the County of Davidson, State of Tennessee.

Carmen M. Salazar  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_



HF-0043

Revised 7/02

MY COMMISSION EXPIRES:  
JULY 8, 2017

# Supplemental #1 -COPY-

Bartlett ASC, LLC

CN1605-020

Kim Harvey Looney  
615.850.8722 direct  
kim.looney@wallerlaw.com

May 26, 2016

**VIA HAND DELIVERY**

Phillip M. Earhart  
Health Services Development Examiner  
Andrew Jackson Bldg - 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Certificate of Need Application CN1605-020  
Bartlett ASC, LLC

Dear Mr. Earhart:

In response to your request for additional information, please find our responses to supplement the Certificate of Need for the establishment of a specialty ambulatory surgical center (ASTC) providing outpatient surgery services at 0 Kate Bond Boulevard, Bartlett (Shelby County), TN 38133 filed with your office on May 13, 2016. Please note that we are missing the documents in response to Question 1 and the information on equipment over \$50,000 in Question 12, which we will provide as soon as we receive.

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**1. Section A, Item 6**

The response to this item is noted. Please provide a fully executed Option to Lease (signed by both parties) that at least includes the name of the landlord, the expected term of the lease and the anticipated lease payments.

Please provide documentation that ValFund has a deed to the property.

**RESPONSE:** The term of the lease is 10 years.

**2. Section B, Project Description, Item I**

It is noted the applicant will lease the project from the Developer Valfund. Please provide an overview of the developer including the following:

- Brief history and mission of the Fund.
- An overview of the Operating entity of ValFund
- Please provide a brief description of Valfund's expertise in developing an ASTC.
- Overview of recent Valfund developments and/or transactions.

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- Brief Bio of the managing member of Value Acquisition Fund

**RESPONSE:** Please see a description of ValFund, a list of recent projects and a brief bio of the managing member of Value Acquisition Fund included as Attachment B, Project Description, I.

Please discuss in detail the arrangement of not owning and developing the project, but leasing the ASTC space from a developer run entity.

**RESPONSE:** The benefit of not owning and developing the project, but leasing the ASTC space from a developer run entity, is that the developer is expending its capital -- either directly or through borrowed funds -- and is at risk and that the applicant does not tie up its capital or have the risk associated with developing and owning the property.

### **3. Section B, Project Description, Item II A**

It appears the proposed project's construction cost exceeds \$2,000,000. If correct, please complete the Square Footage and Cost per Square Footage Chart.

**RESPONSE:** The applicant does not have the information at this level of detail because the developer will be constructing the building.

### **4. Section B, Project Description Item III.A.(Plot Plan)**

Please provide a new Plot Plan with all the required information. As required for all projects, a Plot Plan must provide the size of the site (in acres), location of the structure on the site, the location of the proposed construction, and the names of streets, roads, highways that cross or border the site.

**RESPONSE:** Please see a copy of the plot plan included as Attachment B, Project Description-III.A-4.

### **5. Section C, Need, Item 1.a (Service Specific Criteria-ASTC)**

Please indicate the total number of surgical cases and pain management epidural procedures in Year Three of the proposed project.

**RESPONSE:** The applicant anticipates that there will be approximately 2,034 surgical cases and 1,850 - 1,900 pain management epidural procedures in Year 3 of the proposed project.

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## 6. Section C, Need, Item 1.a (Service Specific Criteria-ASTC)

The table of Projected Surgical Hours for Year 1 and Year 2 on the top of page 14 is noted. However, please add a column for Year One and Year Two that shows the surgical capacity in hours for each row.

**RESPONSE:** Please see the chart below with the additional columns.

	Year 1				Year 2			
	Cases	Time/Case	Total Hours	Capacity in Hours	Cases	Time/Case	Total Hours	Capacity in Hours
Projected Surgical Cases	1,230	1:30	1,845	4,000	1,993	1:30	2,990	4,000
Projected Pain Mgmt Cases	755	0:45	566	2,000	1,224	0:45	918	2,000
Total Cases	1,985	0:15	496		3,217	0:15	804	
Total Time in Hours			2,907	6,000			4,712	6,000

## 7. Section C, Need, Item 1.a (Service Specific Criteria-ASTC (3))

Please complete the following table for the proposed service area ASTCs.

Multi-Specialty	2013	2014	2015	% Change from 13-15
Operating Rooms	42	42	42	0
Cases	33,827	28,360	32,719	(3.3)
Case Per OR	805	675	779	(3.2)
Procedure Rooms	11	11	11	0
Cases	12,886	12,785	13,341	3.5
Cases Per PR	1,171	1,162	1,213	3.6
Single-Specialty	2013	2014	2015	% Change from 13-15
Operating Rooms	23	24	23	0
Cases	24,126	23,506	24,364	.99
Case Per OR	1,049	979	1,059	.95



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Procedure Rooms	29	28	32	10.3
Cases	48,841	43,469	49,379	1.1
Cases Per PR	1,684	1,552	1,543	(8.4)

Using the ASTC Data System, please complete the following table for ASTC patient origin by ZIP code region and County for CY 2015.

**RESPONSE:** The ASTC data has been requested from the Tennessee Department of Health. However, the data has not yet been received. Therefore, the Tennessee Joint Annual Reports have been used to provide data at the county level.

**ASTC cases by Residents of Applicant's Proposed ZIP Code Region and County Service Area, 2015**

Facility	*ZIP Code Region	% Total	Shelby County	%Total	Fayette County	% Total
<b>Multi-specialty Ambulatory Surgical Treatment Centers</b>						
Baptist Germantown Surgery Center	N/A	N/A	2,307	71.3%	111	3.4%
Campbell Clinic Surgery Center Midtown	N/A	N/A	426	32.2%	5	0.4%
Campbell Clinic Surgery Center	N/A	N/A	4,129	56.9%	219	3.0%
East Memphis Surgery Center	N/A	N/A	2,863	62.9%	130	2.9%
Le Bonheur East Surgery Center, II	N/A	N/A	1,328	60.1%	54	2.4%
Memphis Surgery Center	N/A	N/A	1,746	71.3%	52	2.1%
Methodist Surgery Germantown Center	N/A	N/A	3,180	70.9%	127	2.8%
North Surgery Center	N/A	N/A	1,915	70.3%	60	2.2%
Semmes-Murphey Clinic	N/A	N/A	1,928	45.6%	117	2.8%
Surgery Center at Saint Francis	N/A	N/A	3,362	58.7%	0	0.0%
<b>Single-specialty Ambulatory Surgical Treatment Centers</b>						
Endoscopy Center of the Mid-South	N/A	N/A	483	46.0%	0	0.0%
Eye Care Surgery Center of Memphis	N/A	N/A	587	72.9%	46	5.7%
Germantown Ambulatory Surgical Center	N/A	N/A	65	61.3%	2	1.9%

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Facility	*ZIP Code Region	% Total	Shelby County	%Total	Fayette County	% Total
GI Diagnostic and Therapeutic Center	N/A	N/A	9,793	69.6%	480	3.4%
Hamilton Eye Institute Surgery Center	N/A	N/A	1,679	55.7%	49	1.6%
Mays and Schnapp Pain Clinic and Rehabilitation Center	N/A	N/A	999	52.3%	101	5.3%
Memphis Center for Reproductive Health	N/A	N/A	1062	50.0%	13	0.6%
Memphis Eye and Cataract Ambulatory Surgery Center	N/A	N/A	954	68.9%	57	4.1%
GI Diagnostic and Therapeutic Center (Memphis Gastroenterology Endoscopy Center East)	N/A	N/A	5,975	66.0%	530	5.9%
Mid-South Gastroenterology Group	N/A	N/A	6,328	84.3%	0	0.0%
Mid-South Interventional Pain Institute	N/A	N/A	481	53.9%	26	2.9%
Planned Parenthood Greater Memphis Region, Inc.	N/A	N/A	2,077	62.7%	38	1.1%
Ridge Lake Ambulatory Surgery Center	N/A	N/A	1,841	66.3%	52	1.9%
Shea Clinic	N/A	N/A	0	0.0%	0	0.0%
UroCenter	N/A	N/A	1,692	55.7%	103	3.4%
Wesberry Surgery Center	N/A	N/A	349	91.8%	5	1.3%
Wolf River Surgery Center	N/A	N/A	2,655	66.8%	123	3.1%

SOURCE: Tennessee Department of Health, Joint Annual Report of ASTCs, 2015.

\*ZIP Code Region: (38134, 38002, 38135, 38016, 38133, 38128, 38053, 38127, 38068, 38060, 38018, 38122, 38019, 38004, 38058, 38011, 38108, 38028, 38023, 38049, 38111)

Using the Hospital Discharge Data System, please complete the following table for outpatient hospital surgeries by patient origin by ZIP code Region and County for CY 2015.

**RESPONSE:** The outpatient surgery data from the Hospital Discharge Data System has been requested from the Tennessee Department of Health. However, the data has not yet been received. The Joint Annual Report Data for hospitals does not provide outpatient surgery data at the zip code level.

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**OP Hospital Surgery cases by Residents of Applicant's Proposed ZIP Code  
Region and County Service Area, 2015**

Facility	ZIP Code Region	% Total	Shelby County	% Total	Fayette County	% Total

**8. Section C, Need, Item 1.a (Service Specific Criteria-ASTC (4))**

It is noted the applicant anticipates the proposed surgery center will have the greatest impact on Saint Francis Hospital, Saint Francis Surgery Center, and Saint Francis Hospital-Bartlett. However, please provide a measurable analysis of the impact. For example, how many estimated surgical cases will be reduced at each provider if this proposed project is approved?

**RESPONSE:** The projected number of surgical cases in the first year is 1,230. The applicant anticipates the following reductions:

SFH - Memphis: 50 - 80

SFH - Bartlett: 40 - 80

Surgery Center at Saint Francis: 530 - 550

It has been USPI's experience that if you have commitments from a particular physician group – in this situation Tabor Orthopedics – and about half of the projected volume can be attributed to them, then other physicians will follow suit when the project has been approved and syndication occurs.

**9. Section C, Need, Item 1.a (Service Specific Criteria-ASTC (8))**

Please complete the following tables that reflect the origin of potential patients by percentage from the applicant's proposed Zip Code and County service area.

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Area Zip code	Year One	% of total
38134	216	10.9
38002	179	9.0
38135	177	8.9
38016	173	8.7
38133	143	7.2
38128	123	6.2
38053	109	5.5
38127	73	3.7
38068	62	3.1
38060	60	3.0
38018	55	2.8
38122	36	1.8
38019	34	1.7
38004	32	1.6
38058	32	1.6
38011	32	1.6
38108	27	1.4
38028	26	1.3
38023	24	1.2
38049	22	1.1
38111	18	0.9
Other-Shelby County	228	11.5
Fayette County	49	2.5
Other	55	2.8
<b>Total</b>	<b>1,985</b>	<b>100%</b>

*Please note that the Bartlett zip codes, 38133, 38134 and 38135 account for 27% of the projected patient origin.*

#### 10. Section C, Need, Item 4.A.

Please include Fayette County and totals for the entire service area in the tables on pages 27 and 28 and resubmit.

**RESPONSE:** Please see replacement pages 27 and 28 with revised charts which include Fayette County included as Attachment C, Need, 4.A.

#### 11. Section C, Need Item 6

Please document referral sources in Projecting 1,985 cases in Year One and 3,217 in Year Two.

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**RESPONSE:** A significant number of the projected surgical cases, as well as the pain management procedures, is based on the interest of Tabor Orthopedics. Tabor Orthopedics is a group of 8 orthopedic specialists and one pain management specialist. Tabor Orthopedics also anticipates that its group will grow in the next few years. As the plot plan shows, Tabor Orthopedics plans to relocate its medical offices to the portion of the plot plan that is labelled "Clinic". The majority of the outpatient surgeries currently performed by this group are performed at either Saint Francis Hospital, SFH-Bartlett or the Surgery Center at Saint Francis. Approximately 50-60% of the projected volume in the first year is expected to come from Tabor Orthopedics. It has been USPI's experience that if you have commitments that will account for approximately half of your projected volume at an ASTC, which in this situation is Tabor Orthopedics, that other physicians will follow suit when the project has been approved and syndication occurs. The projections have been based in part on the experience of USPI, which owns and operates, and/or manages ASTCs across the country, including 23 in Tennessee. USPI forms partnerships with prominent physicians and/or leading health systems, just as in this situation.

Please complete the following table breaking out Projected cases between OR and PR in Year One and Year Two of the proposed project.

	2017	2018
OR #1	614	996
OR #2	615	997
PR #1	755	1,224
Cases	1,229	1,993
Cases/room	615	997
Procedures	755	1,224
Procedures/room	755	1,224

## 12. Section C, Economic Feasibility, Project Costs Chart

Please list any equipment over \$50,000 in cost.

### **RESPONSE:**

Please clarify the need for \$650,000 in working capital and what it will be used for.

**RESPONSE:** The working capital will be used for the pre-opening expenses of \$378,755 listed on the Project Costs Chart and to fund the period of time in which the ASTC is fully staffed and equipped, but the caseload has not yet increased to the volume at which the ASTC has positive cash flow. The working capital will be used to cover any shortfall in expenses during this time. The working capital will be funded from cash as described in the response to Question 13 below.

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## 2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)**

- ☒ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other—Identify and document funding from all other sources.

**Response:** The applicant will be receiving a commercial loan for part of the Project Costs. The applicant anticipates that it will receive cash from USPI in the amount of \$2,000,000 and another \$2,000,000 in cash when it syndicates the surgery center for a total of \$4,000,000 in cash. The working capital amount will come from this cash amount. Any remaining amount of Project Costs is expected to be funded through a commercial loan. Please see a letter from the CFO for USPI indicating the cash is available and expected to be used for this project and a commercial loan letter indicating interest in financing the project, included as Attachment C, Economic Feasibility 2.

## 3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

**Response:** The square footage will be 13,500 square feet. The cost per square foot for the new construction is anticipated to be \$217.50 per square foot. The cost per square foot for the recent Southern Hills Surgery Center CON application was \$360. Below is a chart showing the statewide cost per square foot for ASTCs from 2012-2014. The cost per square foot for the proposed ASTC is similar to that of other approved facilities or CON applications.

**Ambulatory Surgical Treatment Center Construction Cost Per Square Foot  
2012-2014**

	Renovated Construction	New Construction	Total Construction
<b>First Quartile</b>	\$0 / sq ft	\$0 / sq ft	\$133.55 / sq ft
<b>Median</b>	\$0 / sq ft	\$0 / sq ft	\$150.00 / sq ft
<b>Third Quartile</b>	\$0 / sq ft	\$0 / sq ft	\$174.88 / sq ft

Source: HSDA Construction Cost Per Square Foot Charts, 2012-2014.

Note: Insufficient sample size to calculate renovated and new construction ranges

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information

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**13. Economic Feasibility, Item 2, Project Funding**

It is noted the applicant is not developing the project but anticipates leasing the building from the developer. However, the facility lease amount is designated at \$1,683,259. Please identify the source of the funding for the remainder of the Project Costs in the amount of \$7,154,506.40 and what entity will be responsible for payment. If necessary, please revise page 34 (funding for the Project) and submit.

**RESPONSE:** The facility lease amount as shown on the Project Cost Chart is \$2,683,250. The applicant has included a Revised Page 34 included as Attachment C, Economic Feasibility, 2 that indicates it will be receiving a commercial loan for part of the Project Costs. The applicant anticipates that it will receive cash from USPI in the amount of \$2,000,000 and another \$2,000,000 in cash when it syndicates the surgery center for a total of \$4,000,000 in cash. The working capital amount will come from this cash amount. Any remaining amount of Project Costs is expected to be funded through a commercial loan. Please see a letter from the CFO for USPI indicating the cash is available and expected to be used for this project and a commercial loan letter indicating interest in financing the project, included as Attachment C, Economic Feasibility, 2.

It is noted the developer ValFund will be constructing the proposed ASTC building. Please provide appropriate documentation (letter) of funding for the proposed project from the Chief Financial Officer of ValFund. If ValFund plans to finance the proposed project by a commercial loan, please provide documentation from a lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions. If the project will be financed by ValFund with cash, please provide appropriate documentation from a financial institution or Certified Public Accountant of the availability of required cash for the proposed project.

**RESPONSE:** The applicant does not have access to any information related to ValFund's funding for the construction costs.

It is noted the facility lease in the Project Costs Chart is \$2,683,250. However, the square footage cost of the project calculates to \$2,936,250 (13,500 SF x \$217.50). Please clarify why the lower amount was used in the Project Costs Chart. The following definition regarding items acquired by lease in Tennessee Health Services and Development Agency Rule 0720-2-.01 (12)(d) states " If the acquisition is by lease, the cost is either the fair market value of the property, or the total amount of the lease payments, whichever is greater."

**RESPONSE:** The lease amount included in the Project Cost Chart is the Net Present Value of the lease payments. The lease amount is not financed but will be paid out of current operating revenues. The applicant has included the Tenant Improvements in



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addition to the lease cost in the Project Cost Chart. The applicant believes that the project costs listed are greater than the FMV of the property, but does not have access to those numbers.

#### **14. Economic Feasibility, Item 3**

Please compare the new construction cost (not total construction) per GSF to other ASTC projects for Years 2012-2014 using the applicant's toolbox on HSDA's web-site located at [http://tennessee.gov/hsda/applicants\\_tools/app\\_tool\\_box.shtml](http://tennessee.gov/hsda/applicants_tools/app_tool_box.shtml)

Please indicate how the applicant derived a new construction cost of \$217.50 per square foot.

**RESPONSE:** The applicant received the data necessary to calculate the new construction cost of \$217.50 per square foot from the architect. The HSDA's toolbox currently only has data for 2012-2015, and per the document published as of 4/25/2016, the ASTC data has an insufficient sample size to provide construction ranges. Therefore, there are currently no available published construction cost ranges to compare the project to. Prior to 4/25/2016, data for 2012-2014 was available. However, the published document stated that there was insufficient sample size to calculate both renovated and new construction ranges. Therefore, the HSDA Construction Cost per Square Foot Chart for ASTCs only contained total construction costs. Please see 2012-2014 and 2013-2015 Construction Cost Per Square Foot Charts included as Attachment C, Economic Feasibility, 3. To the extent the data includes both renovated and new construction costs, the figure may be lower than if only new construction costs were used.

#### **15. Economic Feasibility, Item 4, Projected Data Chart**

Please indicate the number of cases projected in Year One and Year Two on line A. Utilization Data in the Projected Data Chart.

**RESPONSE:** Please see the replacement page with the revised Projected Data Chart identifying the measure as cases included as Attachment C, Economic Feasibility, 4.

It is noted in the management agreement the management fee will equal 7% of net revenues. However, the percentage applied to the Projected Data Chart in Year One and Year Two does not match the management agreement percentage fee. Please clarify.

**RESPONSE:** The management fee rate of 6.5% of net revenue as applied to the Projected Data Chart is the correct rate. However, the rate in the draft management agreement was inadvertently listed as 7% of net revenues. Please find a corrected draft management agreement with the 6.5% rate included as Attachment A-5.

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Why is there interest of \$144,052 in Year Two?

**RESPONSE:** The \$144,052 interest listed in Year Two was incorrectly duplicated and should only have appeared in the capital expenditures section. Please see the revised Projected Data Chart included as Attachment C, Economic Feasibility, 4.

The applicant incorrectly refers to "page 12" for a listing of "D.9 other expenses". Please revise.

**RESPONSE:** The reference has been corrected.

There appears to be calculation errors in the Year 1 and Year 2 columns. Please correct and resubmit a replacement page.

**RESPONSE:** Please see the replacement page with the revised Projected Data Chart included as Attachment C, Economic Feasibility, 4.

Please clarify the reason there are Capital Expenditures while the applicant has not designated any funding sources for the proposed project.

**RESPONSE:** Please see response to Question 13 above describing the funding for the project.

#### **16. Section C., Economic Feasibility, Item 5**

Please add charity care and contractual adjustments into gross revenue and designate those amounts under "deductions from Gross Operating Revenue.

**RESPONSE:** Please see Revised Projected Data Chart included as Attachment C, Economic Feasibility, 4.

Your response is noted. Please complete the following table identifying the project's gross charge, average deduction from operating revenue, and average net charge per case. The applicant should divide the total patient cases in Year One of the Projected Data Chart into the total gross charges, deductions from operating revenue total, and total net charges to calculate the charges.

**RESPONSE:** Please see table below. Please note that the numbers do not match exactly what has been included in the application because these numbers have been rounded.

	Year One	Year Two
--	----------	----------



Phillip M. Earhart

May 26, 2016

Page 12

	Year One	Year Two
Average Gross Charge (Gross charges/total cases)	\$3,213	\$2,904
Average Deduction (Total Deductions/total cases)	490	433
Average net Charge Total Net Operating Revenue/total cases)	\$2,723	\$2,471

**17. Section C, Economic Feasibility, Item 6.A**

It is noted the applicant projects \$4.7 million in gross revenue at the top of page 39 in Year One. However, the Projected Data Chart projects approximately \$5.57 million in gross revenue. Please clarify.

**RESPONSE:** The \$4.7M that was listed as the projected revenue in the first year of operations was an inadvertent typo in response to Section C, Economic Feasibility, Item 6.A. The applicant has projected gross revenue of \$6,378,033 in its first year of operations as shown on the Revised Projected Data Chart.

**18. Section C, Economic Feasibility, Item 8**

The applicant expects the parent company Tenet to contribute cash reserves to cover negative operating income in Year One. Please provide appropriate documentation (letter) of the funding commitment by cash reserves from Tenet's Chief Financial Officer to cover the shortfall amount.

**RESPONSE:** The information included in the application is not correct. Please see response to Question 13 above for a description of the project funding.

**19. Section C, Economic Feasibility, Item 9**

Please complete the following chart for Year One of the proposed project using revised gross charges (that includes charity care and contractual adjustments) from the revised Projected Data Chart.

Payor	Gross Revenue	% of Total Revenues
Medicare	\$ 668,688	12.0
Medicaid/TennCare	\$ 81,943	1.3

**May 26, 2016****8:14 am**

Phillip M. Earhart

May 26, 2016

Page 13

Payor	Gross Revenue	% of Total Revenues
Commercial insurance	\$5,460,230	85.6
Self-Pay	0	0

**20. Section C (Contribution to Orderly Development) Item 3.**

What impact will project have on outpatient surgery at SF-Bartlett and other hospitals in service area?

**RESPONSE:** Please see response to Question 8 above for the impact to SFH and SFH-Bartlett. The applicant does not anticipate having a significant impact on other hospitals in the service area. Because it feels any impact on other hospitals in the service area will be negligible, it has not projected any impact.

**21. Section C (Contribution to Orderly Development) Item 3. (Current & Anticipated Staffing)**

Please complete the following staffing chart for the proposed project.

Staffing	Proposed (FTE)
Registered Nurse	9.0
Surgical Technologists	5.0
Other	4.0
Total	18.0

**22. Section C, Orderly Development, Item 8 and 9**

The applicant responded “not applicable” to questions 8 and 9. Please provide a narrative response to items 8 and 9.

**RESPONSE:** Please see revised responses to Questions 8 and 9 below.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

**RESPONSE:** There are none.

**May 26, 2016**

**8:14 am**

**waller.**

Phillip M. Earhart

May 26, 2016

Page 14

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

**RESPONSE:** There are none.

**23. Proof of Publication**

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

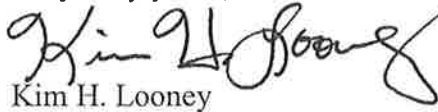
**RESPONSE:** Please see the publication affidavit included as Attachment C, Contribution to the Orderly Development of Health Care – Publication Affidavit.

**24. Project Completion Forecast Chart**

Please submit a completed Project Completion Forecast Chart.

**RESPONSE:** Please see the completed Project Completion Forecast Chart included as Attachment C, Contribution to the Orderly Development of Health Care – Project Completion Forecast Chart.

Very truly yours,



Kim H. Looney

KHL:mk

Enclosures

**May 26, 2016**

**8:14 am**

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: BARTLETT ASC, LLC

I, KIM LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



Signature/Title

KIM H. LOONEY, ATTORNEY

Sworn to and subscribed before me, a Notary Public, this the 26th day of May, 2016, witness my hand at office in the County of Davidson, State of Tennessee.

  
NOTARY PUBLIC

My commission expires \_\_\_\_\_

HF-0043

Revised 7/02



**MY COMMISSION EXPIRES:  
JULY 3, 2017**



# United Surgical Partners

I N T E R N A T I O N A L

May 23, 2016

Ms. Melanie Hill  
Health Services and Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37219

Re: Certificate of Need Application CN1605-020, Bartlett ASC, LLC

Dear Mr. Earhart,

United Surgical Partners International, Inc. intends to fund its estimated \$2,000,000 contribution to the Bartlett ASC, LLC project in Bartlett, Tennessee from cash on hand. USPI's financial information is reported as the Ambulatory Care segment included in the financial statements and information filed with the US Securities and Exchange Commission (the "SEC") by USPI's majority owner, Tenet Healthcare Corporation (NYSE:THC). Copies of those filings are available on the SEC's website at <https://www.sec.gov/edgar/searchedgar/companysearch.html>.

If you have any questions, please do not hesitate to contact our outside counsel on this matter, Kim H. Looney, of Waller Lansden Dortch & Davis, LLP.

Sincerely,

Jason Cagle, Chief Financial Officer  
United Surgical Partners International, Inc.

**May 26, 2016****8:14 am**

777 Main Street  
Fort Worth, Texas 76102

May 23, 2016

VIA EMAIL

Chris Suscha  
Vice President, Development  
United Surgical Partners International, Inc.  
8 Cadillac Drive, Suite 200  
Brentwood, Tennessee 37027  
csuscha@uspi.com

Re: Preliminary indication of interest in providing financing to an ambulatory surgery center project in  
Bartlett, Tennessee

Dear Mr. Suscha,

I am writing to confirm Frost Bank's favorable conversations with United Surgical Partners International, Inc. regarding the development of an ambulatory surgery center with physician ownership in Bartlett, Tennessee (the "Project") and to express Frost Bank's initial interest in providing financing for the Project. As discussed, we currently anticipate that we would offer financing of an approximate aggregate principal amount of \$3.1 million to the Project (the "Loan"). The anticipated terms of the Loan are currently expected to include a 90 month term and a fixed rate of interest of approximately 5.5%. The foregoing anticipated terms of the Loan are preliminary and subject to change, and do not reflect all of the material terms of the Loan which may be required by Frost Bank's underwriting requirements, which terms may include, without limitation, the grant of a security interest in some or all of the assets of the Project, certain affirmative and negative covenants, and other standard terms and conditions. Frost Bank's willingness to extend the Loan is further subject in its entirety to normal underwriting review and all necessary approvals.

Sincerely,

A handwritten signature in black ink, appearing to read "Clint Cockerell".

Clint Cockerell  
Vice President, Frost Bank

**May 26, 2016**

**8:14 am**

**Attachment C, Economic Feasibility - 3**

**Construction Cost Per Square Foot Charts**

**Ambulatory Surgical Treatment Center Construction Cost Per Square Foot**

May 26, 2016

8:14 am

**Years: 2013 – 2015***Due to insufficient sample size, Construction ranges are not available.***Hospital Construction Cost Per Square Foot****Years: 2013 – 2015**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1<sup>st</sup> Quartile</b>	\$160.66/sq ft	\$244.85/sq ft	\$196.62/sq ft
<b>Median</b>	\$223.91/sq ft	\$308.43/sq ft	\$249.67/sq ft
<b>3<sup>rd</sup> Quartile</b>	\$297.82/sq ft	\$374.32/sq ft	\$330.50/sq ft

*Source: CON approved applications for years 2013 through 2015***Nursing Home Construction Cost Per Square Foot****Years: 2013 – 2015**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1<sup>st</sup> Quartile</b>	\$46.91/sq ft	\$152.80/sq ft	\$122.37/sq ft
<b>Median</b>	\$90.00/sq ft	\$172.14/sq ft	\$152.80/sq ft
<b>3<sup>rd</sup> Quartile</b>	\$101.01/sq ft	\$185.00/sq ft	\$172.14/sq ft

*Source: CON approved applications for years 2013 through 2015***Outpatient Diagnostic Center Construction Cost Per Square Foot****Years: 2013 – 2015***Due to insufficient sample size, Construction ranges are not available.**As of 4/25/2016*

May 26, 2016

8:14 am

## Ambulatory Surgical Treatment Center Construction Cost Per Square Foot

Years: 2012 – 2014

	Renovated Construction	New Construction	Total Construction
1 <sup>st</sup> Quartile	\$0/sq ft	\$0/sq ft	\$113.55/sq ft
Median	\$0/sq ft	\$0/sq ft	\$150.00/sq ft
3 <sup>rd</sup> Quartile	\$0/sq ft	\$0/sq ft	\$174.88/sq ft

Source: CON approved applications for years 2012 through 2014

Note: Insufficient sample size to calculate renovated and new construction ranges.

## Hospital Construction Cost Per Square Foot

Years: 2012 – 2014

	Renovated Construction	New Construction	Total Construction
1 <sup>st</sup> Quartile	\$110.98/sq ft	\$224.09/sq ft	\$156.78/sq ft
Median	\$192.46/sq ft	\$259.66/sq ft	\$227.88/sq ft
3 <sup>rd</sup> Quartile	\$297.82/sq ft	\$296.52/sq ft	\$298.66/sq ft

Source: CON approved applications for years 2012 through 2014

## Nursing Home Construction Cost Per Square Foot

Years: 2012 – 2014

	Renovated Construction	New Construction	Total Construction
1 <sup>st</sup> Quartile	\$48.13/sq ft	\$152.80/sq ft	\$110.15/sq ft
Median	\$70.26/sq ft	\$170.48/sq ft	\$152.80/sq ft
3 <sup>rd</sup> Quartile	\$101.00/sq ft	\$185.00/sq ft	\$174.53/sq ft

Source: CON approved applications for years 2012 through 2014

## Outpatient Diagnostic Center Construction Cost Per Square Foot

Years: 2012 – 2014

Due to insufficient sample size, Construction ranges are not available.

**May 26, 2016**

**8:14 am**

**Attachment C, Contribution to the Orderly Development  
Of Health Care**

**Publication Affidavit**

**May 26, 2016**

**8:14 am**

**The Commercial Appeal  
Affidavit of Publication**

**STATE OF TENNESSEE**

**COUNTY OF SHELBY**

Personally appeared before me, Patrick Maddox, a Notary Public, Helen Curl, of MEMPHIS PUBLISHING COMPANY, a corporation, publishers of The Commercial Appeal, morning and Sunday paper, published in Memphis, Tennessee, who makes oath in due form of law, that she is Legal Clerk of the said Memphis Publishing Company, and that the accompanying and hereto attached advertisement was published in the following editions of The Commercial Appeal, to-wit:

**May 10, 2016**

Helen Curl

Subscribed and sworn to before me this 10th day of May, 2016.

[Signature] Notary Public

My commission expires January 20, 2020.



**May 26, 2016**

**8:14 am**


**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: UNITED SURGICAL PARTNERS INTERNATIONAL

I, KIM LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

  
Signature/Title

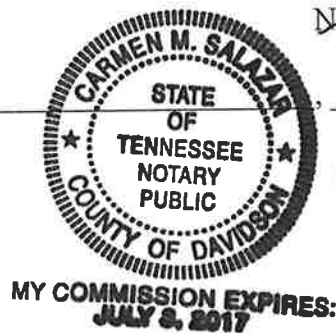
Sworn to and subscribed before me, a Notary Public, this the 25<sup>th</sup> day of May, 2016, witness my hand at office in the County of Davidson, State of Tennessee.

  
NOTARY PUBLIC

My commission expires \_\_\_\_\_

HF-0043

Revised 7/02



# Supplemental #2 -COPY-

Bartlett ASC LLC

CN1605-020



Waller Lansden Dortch & Davis, LLP  
511 Union Street, Suite 2700  
Nashville, TN 37219-8966  
615.244.6380 main  
615.244.6804 fax  
wallerlaw.com

**May 31, 2016****11:44 am**

Kim Harvey Looney  
615.850.8722 direct  
kim.looney@wallerlaw.com

May 31, 2016

**VIA HAND DELIVERY**

Phillip M. Earhart  
Health Services Development Examiner  
Andrew Jackson Bldg - 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Certificate of Need Application CN1605-020  
Bartlett ASC, LLC

Dear Mr. Earhart:

In response to your request for additional information, please see the following responses.

**1. Section A, Item 6**

The response to this item is noted. Please provide a fully executed Option to Lease (signed by both parties) that at least includes the name of the landlord, the expected term of the lease and the anticipated lease payments.

Please provide documentation that ValFund has a deed to the property.

**RESPONSE:** Please see attached an Option to Lease executed by both parties. The land is currently owned by Magnolia Gardens, Inc. and Camellia Gardens, Inc. Richard D. Austin, Jr. is the Secretary/Treasurer of these legal entities and is authorized to sign on their behalf. Mr. Austin and some investors (to be named) will form a single purpose LLC that will have a lease with the applicant for the site and building. The real estate will be contributed to the single purpose LLC by Magnolia Gardens, Inc. and Camellia Gardens, Inc. and/or its assigns. It is the to be formed single purpose LLC that will obtain a commercial loan for the development of the ASTC building. The applicant has no information as to debt structure or any financials because it is not a part of the entity that will be obtaining the funding, or developing the project. ValFund will be the developer of the project, but will be doing so pursuant to payment of a development fee, and not as the entity obtaining the commercial loan, as previously disclosed. It is the applicant's understanding that many of the details cannot be determined, unless and until the application is approved. The Option to Lease and the deed for the property are included as Attachment A, 6.

May 31, 2016

11:44 am



Phillip M. Earhart

May 31, 2016

Page 2

## 2. Section C, Economic Feasibility, Project Costs Chart

Please list any equipment over \$50,000 in cost.

**RESPONSE:** Please see the list below which identifies the equipment to be purchased that is over \$50,000 per item.

	Room Name	Description	Unit Cost
1	Specialty - Spine	Microscope, Neuro / Spine, Allowance	\$ 148,000.00
2	Procedure Room	X-Ray, C-Arm, 9", 9900 Digital Elite, w/ Printer	\$ 134,196.00
3	Specialty - Orthopedic	X-Ray, C-Arm, 9", 9900 Digital Elite, w/ Printer	\$ 134,196.00
4	Assembly / Make Up	Sterilizer, Low Temp	\$ 130,574.22
5	Assembly / Make Up	Sterilizer, Integral Boiler, Evolution 37x37x42	\$ 126,663.72
6	Specialty - Spine	OR table, Jackson, OSI 5085, w/ Wilson Frame	\$ 101,301.20
7	Specialty - Total Joints	Table, HANA, OSI	\$ 99,764.35
8	Decontamination	Washer Disinfectant, Single-Chamber	\$ 77,862.31
9	Specialty - Orthopedic	Mini C-Arm, Hands and Podiatry	\$ 71,600.00
10	Assembly / Make Up	Sterilizer, Integral Boiler, Recessed 20x20x38	\$ 56,184.87
11	Specialty - Spine	Drill, Midas Rex	\$ 50,000.00

## 3. Economic Feasibility, Item 2, Project Funding

It is noted the applicant will receive \$4,000,000 in cash and up to a 3.1M loan. However, there appears to be a balance of \$54,506.40 that is not funded. Please clarify.

**RESPONSE:** The costs on the Project Costs Chart that need to be funded are the following:

Legal, Administrative Consultant Fees	\$ 200,000
Moveable Equipment	3,002,412
Tenant Improvements	2,901,353

**May 31, 2016****11:44 am****waller**

Phillip M. Earhart

May 31, 2016

Page 3

Working Capital	650,000
CON Filing Fee	22,085.48
TOTAL	\$ 6,755, 850.48

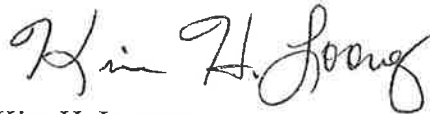
The other expenses listed are the pre-opening expenses, which are included in the working capital, as indicated in the application, and the lease of the facility, which is not financed, but paid out of current operating revenues.

**4. Section C, Economic Feasibility, Item 9**

It is noted the applicant calculated Medicare % of total revenues in Year One from the original Projected Data Chart. Please complete the following chart for Year One of the proposed project using revised gross charges (that includes charity care and contractual adjustments) from the revised Projected Data Chart

Payor	Gross Revenue	% of Total Revenues
Medicare	\$668,688	10.5

Very truly yours,



Kim H. Looney

KHL:mk  
Enclosures

**May 31, 2016**

**11:44 am**

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: BARTLETT ASC, LLC

I, KIM LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

  
\_\_\_\_\_  
Signature/Title  
KIM H. LOONEY, ATTORNEY

Sworn to and subscribed before me, a Notary Public, this the 31<sup>st</sup> day of May, 2016, witness my hand at office in the County of Davidson, State of Tennessee.

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires \_\_\_\_\_

HF-0043

Revised 7/02



# Additional Info

Bartlett ASC, LLC

CN1605-020

**Mark Farber**

---

**Subject:** FW: CN1605-020, Bartlett ASC, Financing

**From:** Kraemer, Erik [<mailto:erkraemer@uspi.com>]  
**Sent:** Thursday, October 13, 2016 12:24 PM  
**To:** Kim Looney  
**Cc:** Ridgway, Corey; Laurie Glass  
**Subject:** RE: CN1605-020, Bartlett ASC, Financing

We do not anticipate any issues with the member syndication and the \$2M associated funding. I can confirm that USPI has the funds available for its \$2M and the other \$2M subject to internal USPI approval.

Erik J. Kraemer  
Senior Vice President, Development  
United Surgical Partners International  
(o) 615-376-7330  
(c) 214-608-1284



---

**From:** Mark Farber [<mailto:Mark.Farber@tn.gov>]  
**Sent:** Thursday, October 13, 2016 8:01 AM  
**To:** Kim Looney  
**Cc:** Melanie Hill; Phillip M. Earhart  
**Subject:** RE: CN1605-020, Bartlett ASC, Financing

Kim,

The application states that USPI will fund \$2M and that \$2M will come from members when it is syndicated. If there were issues with syndication does USPI have the funds for the additional \$2M? If yes, can we get a letter from USPI today, (by email's ok), that documents that?

Mark

---

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**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

**LETTER OF INTENT**

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper  
(Name of Newspaper)  
of general circulation in Shelby, Tennessee, on or before May 10, 2016  
(County) (Month/Day) (Year)  
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Bartlett ASC, LLC an ambulatory surgical treatment  
(Name of Applicant) center  
(Facility Type-Existing)

owned by: Bartlett ASC, LLC with an ownership type of limited liability company

and to be managed by: USP Tennessee, Inc. intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: The establishment of an ambulatory surgical treatment center to provide  
outpatient surgery services on land which is located at 0 Kate Bond Boulevard, Bartlett, Shelby County, Tennessee  
38133 (address to be assigned). No licensed beds will be affected, and no major medical equipment will be  
purchased as a result of this project. The cost of this project is estimated to be \$7,150,000.

The anticipated date of filing the application is: May 12, 2016

The contact person for this project is Kim H. Looney Attorney  
(Contact Name) (Title)

who may be reached at: Waller Lansden Dortch & Davis LLP 511 Union Street; Suite 2700  
(Company Name) (Address)

Nashville TN 37219 615 / 850-8722  
(City) (State) (Zip Code) (Area Code) (Phone Number)

Kim H. Looney May 10, 2016 Kim.Looney@wallerlaw.com  
(Signature) (Date) (Email-Address)

**The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:**

**Health Services and Development Agency**  
**Andrew Jackson Building, 9<sup>th</sup> Floor**  
**502 Deaderick Street**  
**Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**RULES  
OF  
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11  
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

**TABLE OF CONTENTS**

0720-11-.01    General Criteria for Certificate of Need

**0720-11-.01    GENERAL CRITERIA FOR CERTIFICATE OF NEED.**    The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1)    Need. The health care needed in the area to be served may be evaluated upon the following factors:
  - (a)    The relationship of the proposal to any existing applicable plans;
  - (b)    The population served by the proposal;
  - (c)    The existing or certified services or institutions in the area;
  - (d)    The reasonableness of the service area;
  - (e)    The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
  - (f)    Comparison of utilization/occupancy trends and services offered by other area providers;
  - (g)    The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2)    Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
  - (a)    Whether adequate funds are available to the applicant to complete the project;
  - (b)    The reasonableness of the proposed project costs;
  - (c)    Anticipated revenue from the proposed project and the impact on existing patient charges;
  - (d)    Participation in state/federal revenue programs;
  - (e)    Alternatives considered; and
  - (f)    The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.
- (3)    Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

(Rule 0720-11-.01, continued)

- (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
  - (b) The positive or negative effects attributed to duplication or competition;
  - (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;
  - (d) The quality of the proposed project in relation to applicable governmental or professional standards.
- (4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
  - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
  - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
  - (c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (5) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

*Authority:* T.C.A. §§ 4-5-202, 68-11-1605, and 68-11-1609. *Administrative History:* Original rule filed August 31, 2005; effective November 14, 2005.

**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
DIVISION OF POLICY, PLANNING AND ASSESSMENT  
615-741-1954**

**DATE:** July 29, 2016

**APPLICANT:** Bartlett ASC, LLC  
0 Kate Bond Boulevard  
Bartlett, Tennessee 38133  
  
CN1605-020

**CONTACT PERSON:** Kim Looney, Esquire  
511 Union Street, Suite 2700  
Nashville, Tennessee 37219

**COST:** \$9,837,855.48

---

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

**SUMMARY:**

The applicant, Bartlett ASC, LLC, seeks Certificate of Need (CON) approval to establish a multi-specialty Ambulatory Surgical Treatment Center (ASTC) located at O Kate Boulevard, Bartlett, Tennessee 38133. The ASTC will contain two operating rooms and one procedure room. The applicant anticipates growth in volume due to both the growth in Bartlett, the addition of new physicians to Tabor Orthopedics, and the possible addition of other specialties, it is planned to have an additional operating room ready to use, but will not purchase the equipment to make it operational until utilization has increased to justify its use. No licensed beds will be affected, and no major medical equipment will be purchased as a result on this project.

The applicant's current member is USP Tennessee, Inc. (USPI). The parent company for these entities is United Surgical Partners International (USPI). USPI partners with physicians and health systems to own and operate ASTCs. In Tennessee, USPI or related entities, have ownership interest in 22 ASTCs and 1 specialty hospital. It is anticipated USPT will own a 51% membership interest. The applicant also plans to syndicate 49% in membership interests to area physicians, including orthopedic surgeons and pain management specialists. Tenet purchased a controlling interest in USPI in 2015. The structure if this ASTC is different than for those hospitals which is not owned by Tenet. In this situation, Saint Francis Bartlett is not a direct owner of the Bartlett ASC, LLC. According to the applicant, Saint Francis Bartlett will indirectly benefit from the establishment of this ASTC because the ultimate parent company of Bartlett ASC, LLC and Saint Francis Bartlett is Tenet.

The square footage of the proposed project is approximately 13,500 square foot. The cost per square foot for the project is \$217.00. In comparison, the cost for Southern Hills Surgery Center was \$360 per square foot.

The estimated project cost is \$9,837,855.48. The applicant will be receiving a commercial loan for part of the project costs. The applicant anticipates they will receive cash from USPI in the amount of \$2,000,000 and another \$2,000,000 in cash when it syndicates the surgery center for a total of \$4,000,000 in cash. The working capital amount will come from the cash amount. Any remaining amount of project costs is expected to be funded through a commercial loan. The applicant provides letters from USPI indicating the cash is available and a commercial loan letter indicating

interest in financing the project ins Attachment C, Economic Feasibility 2 located in Supplemental 1.

### GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

#### NEED:

The applicant selected 21 zip codes in Shelby, Lafayette, and Tipton counties as their service area. These zip codes are located on page 20 of the application along with the respective population for each zip code. According to the applicant, the total population of the 21 zip codes is 512,049.

The Tennessee Department of Health estimates the three county populations in the following table for 2016 through 2020.

County	2016 Population	2020 Population	% of Increase/ (Decrease)
Shelby	959,361	981,022	2.3%
Fayette	44,637	46,608	4.4%
Tipton	67,250	71,196	5.9%
<b>Total</b>	<b>1,071,248</b>	<b>1,098,826</b>	<b>2.6%</b>

*Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health*

According to the applicant, the project is needed based on several factors. The interest Tabor Orthopedics, a group of 8 orthopedic specialists and 1 pain management specialist is a very important factor, which will account for a significant portion of the projected utilization. Additionally, the fact that many of the surgeries currently performed at The Surgery Center at Saint Francis, Saint Francis Hospital, and Saint Francis Bartlett will be shifted to the proposed surgery center. Methodist closed its hospital in Fayette County in March, 2015. Patients are now choosing to receive care at Saint Francis Bartlett, the closest hospital to Fayette County.

Also, with the exception of North Surgery Center, located on the campus and partially owned by Methodist North Hospital, there are no ASTCs in the entire proposed service area. According to the applicant, North Surgery Center is generally used by physicians who practice at Methodist North.

The applicant states this proposed project is consistent both with the applicant facilities long-range development plan as well as for Tenet, the controlling owner of USPI, also the ultimate parent for Saint Francis Bartlett. This is also true for the two Tenet hospitals in Shelby County –Saint Francis Hospital and Saint Francis Hospital Bartlett. The applicant states hospitals have to be competitive and provide services better, faster, and cheaper. One way this is being done is for minimally invasive procedures to be moved out of the hospital setting to an ASTC, a lower cost provider.

### Service Area Single and Multi-Specialty ASTC Utilization, 2015

Facility	County	OR Rooms	PR Rooms	OR Cases	PR Cases	Total Cases	Single/ Multi	% OR Capacity	% PR Capacity
Memphis Center for Reproductive Health	Shelby	0	2	0	2,124	2,124	Single Specialty	0	39.82%
Memphis Eye and Cataract Ambulatory Surgery Center	Shelby	3	1	1,656	356	2,012	Single Specialty	43.71%	13.35%
Planned Parenthood Greater Memphis Region, Inc.	Shelby	0	2	0	3,311	3,311	Multi-Specialty	0	62.07%
Memphis Surgery Center	Shelby	4	1	2,652	0	2,652	Multi-Specialty	52.49%	0
Shea Clinic	Shelby	2	0	2,263	0	2,263	Single Specialty	89.59%	0
Wesberry Surgery Center	Shelby	1	0	1,500	0	1,500	Single Specialty	118.76%	0

Ridge Lake Ambulatory Surgery Center	Shelby	2	4	4,493	2,448	6,941	Single Specialty	177.87%	22.95%
Le Bonheur East Surgery Center, II	Shelby	4	0	4,108	0	4108	Multi-Specialty	81.31	0
GI Diagnostic and Therapeutic Center	Shelby	0	6	0	15128	15128	Single Specialty	0	94.54%
East Memphis Surgery Center	Shelby	6	3	4190	1151	5341	Multi-Specialty	55.29%	14.39%
Germantown Ambulatory Surgical Center	Shelby	1	0	106	0	106	Single Specialty	8.39%	0
Mays and Snapp Pain Clinic and Rehabilitation Center	Shelby	2	0	4422	0	4422	Single Specialty	175.06%	0
GI Diagnostic and Therapeutic Center	Shelby	0	6	0	9525	9525	Single Specialty	0	59.52%
Campbell Clinic Surgery Center Midtown	Shelby	4	0	1323	0	1323	Multi-Specialty	26.19%	0
Methodist Surgery Center Germantown	Shelby	4	1	3943	1252	5195	Multi-Specialty	78.05%	46.94%
Mid-South Gastroenterology Group	Shelby	0	3	0	7506	7506	Single Specialty	0	93.81%
North Surgery Center	Shelby	4	1	2351	1339	3690	Multi-Specialty	46.54%	50.21%
Urocenter	Shelby	3	0	3648	0	3648	Single Specialty	96.28%	0
Baptist Germantown Surgery Center	Shelby	5	0	3811	0	3811	Multi-Specialty	60.35%	0
Campbell Clinic Surgery Center	Shelby	4	1	3483	3769	7252	Multi-Specialty	68.94%	141.32%
Wolf River Surgery Center	Shelby	4	2	2749	2480	5229	Single Specialty	54.41%	46.49%
Semmes-Murphey Clinic	Shelby	3	2	1570	4712	6282	Multi-Specialty	41.44%	88.34%
Endoscopy Center of the Mid South	Shelby	0	1	0	2022	2022	Single Specialty	0	75.82%
Surgery Center at Saint Francis	Shelby	4	2	5288	1118	6406	Multi-Specialty	104.67%	20.96%
Eye Care Surgery Center of Memphis	Shelby	2	1	0	1206	1206	Single Specialty	0.00%	45.22%
Hamilton Eye Institute Surgery Center	Shelby	3	2	3527	545	4072	Single Specialty	93.09%	10.22%
MidSouth Interventional Pain Institute	Shelby	0	2	0	2728	2728	Single Specialty	0	51.14%

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2015 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

The applicant provided the projected surgical hours and cases for years one and two of the project.

	Cases Year One	Total Hours	Capacity in Hours	Cases Year Two	Total Hours	Capacity in Hours
Projected Surgical Cases	1,230	1,845	4,000	1,993	2,990	4,000
Projected Pain Management Cases	755	566	2,000	1,224	918	2,000
Total Cases	1,985	496		3,217	804	
<b>Total Hours</b>		<b>2,907</b>	<b>6,000</b>		<b>4,712</b>	<b>6,000</b>

The applicant breaks out the first two years of operation by specialty and the percentage in the following chart:

Specialty	% of Cases	Year 1	Year 2
Anterior Cervical Discectomy Fusion	2%	31	51
Lumbar	3%	63	102
UniCompartmental Knee Replacement	1%	13	20
Orthopedics	56%	1,112	1,820
Pain Management	38%	755	1,244
<b>Total</b>	<b>100%</b>	<b>1,985</b>	<b>3,217</b>

#### **TENNCARE/MEDICARE ACCESS:**

The applicant intends to participate in the Medicare and Medicaid programs. Bartlett ASC, LLC will contract with all West Tennessee managed care organization: AmeriGroup, BlueCare, United Healthcare Community Plan, and TennCare Select.

The applicant projects year one Medicare revenues of \$668,688 or 10.5% of gross operating revenues and TennCare revenues of \$81,943 or 1.3% of gross operating revenues.

#### **ECONOMIC FACTORS/FINANCIAL FEASIBILITY:**

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

**Project Costs Chart:** The Project Costs Chart is located on page 33 Of the application. The total project cost is estimated to be \$9,837,855.48.

**Historical Data Chart:** There is no Historical Data Chart as this is a new ASTC.

**Projected Data Chart:** The Projected Data Chart in located in Supplemental 1. The applicant projects 1,985 and 3,217 cases in years one and two of the project with net operating revenues of (\$188,024) and \$844,625 each year, respectively.

The applicant's average charge, deduction, and net revenue are provided in the following table.

	Year One	Year Two
Average Gross Charge	\$3,213	\$2,904
Average Deduction (Total Deductions/Total Cases)	\$490	\$433
Average Net Revenue/Total Cases	\$2,723	\$2,471

The applicant could find no other satisfactory alternative to provide these healthcare services other than this proposed facility. Most of the multi-specialty ASTCs are affiliated and limited to a particular physician practice or part of another hospital system. There are no existing ASTCs in Bartlett and the only ASTC in the applicant's service area is North Surgery Center that is located on the campus of Methodist North.

#### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

The surgery center will be affiliated with Saint Francis-Bartlett. The center will participate in Medicaid and Medicare, and contract with all area TennCare MCOs. The applicant believes there are only positive effects of this proposal on the healthcare system. The shift of outpatient procedures to a more convenient location will help alleviate the crowding at the Surgery Center of Saint Francis. The facilities whose utilization rates are expected to decrease are all Tenet facilities,

so it is a shift between related entities. The applicant states there will be no duplication of services because there is currently no ASTCs in the service area with the exception of North Surgery Center.

The applicant will operate the facility with 18.0 FTE, 14.0 of which are clinical positions. The following chart provides the staffing for the ASTC.

<b>Staffing</b>	<b>FTE</b>
Registered Nurse	9.0
Surgical Tech	5.0
Other	4.0
<b>Total</b>	<b>18.0</b>

The applicant will not participate in the training of students. ASTCs do not generally participate in such training.

**QUALITY MONITORING:**

The applicant will seek licensure from the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accreditation from The Joint Commission.

**SPECIFIC CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

## **AMBULATORY SURGICAL TREATMENT CENTERS**

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to establish or expand Ambulatory Surgical Treatment Centers (ASTCs). Existing ASTCs are not affected by these standards and criteria unless they take an action that requires a new certificate of need (CON) for the establishment or expansion of an ASTC.

These standards and criteria are effective immediately as of May 23, 2013, the date of approval and adoption by the Governor of the State Health Plan changes for 2013. Applications to establish or expand an ASTC that were deemed complete by the HSDA prior to this date shall be considered under the Guidelines

**Assumptions in Determination of Need**

The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

1. Operating Rooms

- a. An operating room is available 250 days per year, 8 hours per day.

*The operating room is available 250 days per year, 8 hours per day.*

- b. The estimated average time per Case in an Operating Room is 65 minutes.

*The applicant anticipates that the average time per case in an operating room will be 90 minutes, rather than 65 minutes.*

- c. The average time for clean-up and preparation between Operating Room Cases is 30 minutes.

*The applicant believes their average time for clean-up will be 15 minutes instead of 30.*

- d. The optimum utilization of a dedicated, outpatient, general-purpose Operating Room is 70% of full capacity.  $70\% \times 250 \text{ days/year} \times 8 \text{ hours/day} \div 95 \text{ minutes} = 884 \text{ Cases per year}$ .

*The applicant anticipates meeting the standard of 884 cases in year two of operation.*

## 2. Procedure Rooms

- a. A procedure room is available 250 days per year, 8 hours per day.

*The applicant states the procedure room will be available 250 days per year, 8 hours per day.*

- b. The estimated average time per outpatient Case in a procedure room is 30 minutes.

*The applicant states the average time per case will be 30 minutes.*

- c. The average time for cleanup and preparation between Procedure Room Cases is 15 minutes.

*The average time for clean-up will be 15 minutes.*

- d. The optimum utilization of a dedicated, outpatient, general-purpose outpatient Procedure Room is 70% of full capacity.  $70\% \times 250 \text{ days/year} \times 8 \text{ hours/day} \div 45 \text{ minutes} = 1867 \text{ Cases per year}$ .

*The applicant anticipates meeting the standard of 1,867 in year 3 of operation.*

## Determination of Need

1. **Need.** The minimum numbers of 884 Cases per Operating Room and 1,867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1,867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to specific type or types should apply for a Specialty ASTC.

The applicant provided the projected surgical hours and cases for years one and two of the

project.

	Cases Year One	Total Hours	Capacity in Hours	Cases Year Two	Total Hours	Capacity in Hours
Projected Surgical Cases	1,230	1,845	4,000	1,993	2,990	4,000
Projected Pain Management Cases	755	566	2,000	1,224	918	2,000
Total Cases	1,985	496		3,217	804	
<b>Total Hours</b>		<b>2,907</b>	<b>6,000</b>		<b>4,712</b>	<b>6,000</b>

*The applicant projects the following for years one and two of operation. The applicant anticipates meeting the standard of 884 cases in year two of operation. The applicant anticipates meeting the standard of 1,867 in year 3 of operation.*

Specialty	% of Cases	Year 1	Year 2
Anterior Cervical Discectomy Fusion	2%	31	51
Lumbar	3%	63	102
UniCompartmental Knee Replacement	1%	13	20
Orthopedics	56%	1,112	1,820
Pain Management	38%	755	1,244
<b>Total</b>	<b>100%</b>	<b>1,985</b>	<b>3,217</b>

- Need and Economic Efficiencies.** An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

*The applicant breaks out the first two years of operation by specialty and the percentage in the following chart:*

Specialty	% of Cases	Year 1	Year 2
Anterior Cervical Discectomy Fusion	2%	31	51
Lumbar	3%	63	102
UniCompartmental Knee Replacement	1%	13	20
Orthopedics	56%	1,112	1,820
Pain Management	38%	755	1,244
<b>Total</b>	<b>100%</b>	<b>1,985</b>	<b>3,217</b>

- Need; Economic Efficiencies; Access.** To determine current utilization and need, an applicant should take into account both the availability and utilization of either: all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available) OR, all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

### Service Area Single and Multi-Specialty ASTC Utilization, 2015

Facility	County	OR Rooms	PR Rooms	OR Cases	PR Cases	Total Cases	Single/ Multi	% OR Capacity	% PR Capacity
Memphis Center for Reproductive Health	Shelby	0	2	0	2,124	2,124	Single Specialty	0	39.82%
Memphis Eye and Cataract Ambulatory Surgery Center	Shelby	3	1	1,656	356	2,012	Single Specialty	43.71%	13.35%
Planned Parenthood Greater Memphis Region, Inc.	Shelby	0	2	0	3,311	3,311	Multi-Specialty	0	62.07%
Memphis Surgery Center	Shelby	4	1	2,652	0	2,652	Multi-Specialty	52.49%	0
Shea Clinic	Shelby	2	0	2,263	0	2,263	Single Specialty	89.59%	0
Wesberry Surgery Center	Shelby	1	0	1,500	0	1,500	Single Specialty	118.76%	0
Ridge Lake Ambulatory Surgery Center	Shelby	2	4	4,493	2,448	6,941	Single Specialty	177.87%	22.95%
Le Bonheur East Surgery Center, II	Shelby	4	0	4,108	0	4108	Multi-Specialty	81.31	0
GI Diagnostic and Therapeutic Center	Shelby	0	6	0	15128	15128	Single Specialty	0	94.54%
East Memphis Surgery Center	Shelby	6	3	4190	1151	5341	Multi-Specialty	55.29%	14.39%
Germantown Ambulatory Surgical Center	Shelby	1	0	106	0	106	Single Specialty	8.39%	0
Mays and Snapp Pain Clinic and Rehabilitation Center	Shelby	2	0	4422	0	4422	Single Specialty	175.06%	0
GI Diagnostic and Therapeutic Center	Shelby	0	6	0	9525	9525	Single Specialty	0	59.52%
Campbell Clinic Surgery Center Midtown	Shelby	4	0	1323	0	1323	Multi-Specialty	26.19%	0
Methodist Surgery Center Germantown	Shelby	4	1	3943	1252	5195	Multi-Specialty	78.05%	46.94%
Mid-South Gastroenterology Group	Shelby	0	3	0	7506	7506	Single Specialty	0	93.81%
North Surgery Center	Shelby	4	1	2351	1339	3690	Multi-Specialty	46.54%	50.21%
Urocenter	Shelby	3	0	3648	0	3648	Single Specialty	96.28%	0
Baptist Germantown Surgery Center	Shelby	5	0	3811	0	3811	Multi-Specialty	60.35%	0
Campbell Clinic Surgery Center	Shelby	4	1	3483	3769	7252	Multi-Specialty	68.94%	141.32%
Wolf River Surgery Center	Shelby	4	2	2749	2480	5229	Single Specialty	54.41%	46.49%
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Endoscopy Center of the Mid South	Shelby	0	1	0	2022	2022	Single Specialty	0	75.82%
Surgery Center at Saint Francis	Shelby	4	2	5288	1118	6406	Multi-Specialty	104.67%	20.96%
Eye Care Surgery Center of Memphis	Shelby	2	1	0	1206	1206	Single Specialty	0.00%	45.22%
Hamilton Eye Institute Surgery Center	Shelby	3	2	3527	545	4072	Single Specialty	93.09%	10.22%
MidSouth Interventional Pain Institute	Shelby	0	2	0	2728	2728	Single Specialty	0	51.14%

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2015 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

#### 4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral

patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above

*Not all of the multi-specialty ASTCs in the proposed service area are utilized at or above 70% as illustrated in the utilization chart in #3 located above.*

*The shift of outpatient procedures to a more convenient location will help alleviate the crowding at the Surgery Center of Saint Francis. The facilities whose utilization rates are expected to decrease are all Tenet facilities, so it is a shift between related entities. The applicant states there will be no duplication of services because there is currently no ASTCs in the service area with the exception of North Surgery Center.*

**5. Need and Economic Efficiencies.** An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

*Not applicable.*

#### **Other Standards and Criteria**

**6. Access to ASTCs.** The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

*The majority of the population in the Service Area resides within 60 minutes average driving time to the facility.*

**7. Access to ASTCs.** An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

*The proposed site is on Kate Bond Road, one block off Highway 64 in Bartlett, Tennessee. Memphis Area Transit Authority operates the Wolfchase bus on Highways 64. Most patients arrive and leave by automobile.*

**8. Access to ASTCs.** An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*The applicant selected 21 zip codes in Shelby, Lafayette, and Tipton counties as their service area. These zip codes are located on page 20 of the application along with the respective population for each zip code. According to the applicant, the total population of the 21 zip codes is 512,049.*

*The Tennessee Department of Health estimates the three county populations in the following table for 2016 through 2020.*

<b>County</b>	<b>2016 Population</b>	<b>2020 Population</b>	<b>% of Increase/ (Decrease)</b>
<i>Shelby</i>	<i>959,361</i>	<i>981,022</i>	<i>2.3%</i>
<i>Fayette</i>	<i>44,637</i>	<i>46,608</i>	<i>4.4%</i>
<i>Tipton</i>	<i>67,250</i>	<i>71,196</i>	<i>5.9%</i>
<b>Total</b>	<b>1,071,248</b>	<b>1,098,826</b>	<b>2.6%</b>

**9. Access and Economic Efficiencies.** An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant projects the following:

	<b>Year One</b>	<b>Year Two</b>
1 <sup>st</sup> Quarter	171	804
2 <sup>nd</sup> Quarter	394	804
3 <sup>rd</sup> Quarter	631	804
4 <sup>th</sup> Quarter	789	805
<b>Total</b>	<b>1,985</b>	<b>3,217</b>

**10. Patient Safety and Quality of Care; Health Care Workforce.**

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

*The applicant will seek accreditation from The Joint Commission.*

b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

*The applicant believes they will credential approximately 15 orthopedic surgeons and two pain management physicians. Additionally, adequate anesthesiologists and CRNAs will be credentialed to manage and administer anesthesia services to the facilities patients. The facility plans to contract with a radiologist and have sufficient pathologist and laboratory access.*

**11. Access to ASTCs.** In light of Rule 0720-11.01, this lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration.

*The service area does not qualify as a medically underserved area. The applicant notes there is not currently an ASTC in their service area, with the exception North Surgery Center, located on the Methodist North Hospital campus.*

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

*Not applicable.*

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

*The applicant intends to participate in the Medicare and Medicaid programs. Bartlett ASC, LLC will contract with all West Tennessee managed care organization: AmeriGroup, BlueCare, United Healthcare Community Plan, and TennCare Select.*

d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times? The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

*The applicant anticipates that procedures to be performed in the procedure room will take on average 30 minutes.*